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**Capitalising education:
Exploring the development of
professional identity in certified accountants
through the role of education and training**

by

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A thesis submitted in partial fulfilment of the requirements for the degree
of Doctor of Philosophy in Industrial and Business Studies

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Dedication

*To Catherine Anne, a very special little girl,
who didn't understand why her mother had to work so hard.*

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Declaration

I declare that this thesis represents my own work and has not previously been submitted within a degree programme at this or any other institution.

Abstract

One hundred and fifty years after initial formation, the British accounting profession continues to be fragmented, whereas other British professions and the accountancy profession in some other countries are not. This thesis seeks to explore the history of one particular accountancy body, the ACCA, and through this to offer some general and theoretical explanations for this problem.

The thesis takes a disciplinary approach derived from the work of Foucault (1977), but further developed by Hoskin (1993) and Hoskin and Macve (1986), to emphasise how disciplinarity has a double positive meaning as knowledge and power. Modern disciplinarity is produced through the exercise of certain key 'disciplinary practices', in particular those of writing, examining and grading, which engender both the modern forms of powerful expert knowledge and the application of expertise-based power to the forming of humans as individuals and populations. This disciplinary approach is used here to re-theorise the study of professionalisation as a historical process, and the constitution of professionals as powerful individuals through qualification in knowledge-powerful professions.

The growth of the ACCA is studied as an exercise in disciplinarity, in part because it constitutes such an anomaly for the jurisdictional approach developed by Abbott (1988). It has staked a successful claim to professional independence and now claims to be the largest global professional accountancy body. The study traces the history of the ACCA's development through four major stages of growth. At inception, the ACCA's founder bodies set up an examination-based education and training system like that of the chartered bodies, but with expedient differences, e.g. no requirement for articles or to work in practice. Later various ways of becoming 'more disciplinary' were developed, including the use of more active forms of pedagogy in exam-preparation, and expanding institutional linkages with colleges and then universities. While status differences survived, the ACCA became increasingly undifferentiable from the old chartered bodies. The ACCA capitalised on this lack of difference to grow the organisation. At the same time, it has bought into the higher-level disciplinary knowledge that accounting has become, and now examines potential entrants on that knowledge, and maintains its jurisdictional space on that basis.

The disciplinary approach arguably gives a new perspective as to why jurisdictional closure will not necessarily occur in a profession (in this case accountancy). It also offers an explanation of why the profession in general is becoming peopled by multi-discipline service firms requiring the 'transdisciplinary accountant'. Mono-disciplinary expertise no longer appears sufficient for career or firm success, but the regime of disciplinarity is only more firmly entrenched.

Abbreviations

AAT	Association of Accounting Technicians
ACCA	Association of Certified and Corporate Accountants/Chartered Association of Certified Accountants/Association of Chartered Certified Accountants
AJ	<i>Accountants' Journal</i>
Corporation	Corporation of Accountants
CA	<i>Certified Accountant</i>
CAJ	<i>The Certified Accountants' Journal</i>
CIMA	Chartered Institute of Management Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
IAAG	Institute of Accountants and Actuaries in Glasgow
ICAEW	Institute of Chartered Accountants in England and Wales
ICAI	Institute of Chartered Accountants in Ireland
ICAS	Institute of Chartered Accountants of Scotland
ICMA	Institute of Cost and Management Accountants
ICWA	Institute of Cost and Works Accountants
IMTA	Institute of Municipal Treasurers and Accountants
LAA	London Association of Accountants/London Association of Certified Accountants
SAA	Society of Accountants in Aberdeen
SAE	Society of Accountants in Edinburgh
SIAA	Society of Accountants and Auditors/Society of Incorporated Accountants and Auditors

References to 'certified accountants' are to members of the ACCA, 'chartered accountants' to members of the ICAEW, 'Scottish chartered accountants' to members of ICAS and its predecessor bodies and 'Chartered Institutes' to the ICAEW, ICAI and ICAS and its predecessor bodies.

Part I

Chapter One - Introduction

1.1 General overview

The British accounting profession is an interesting anomaly in the history of professionalisation in that, one hundred and fifty years after initial formation, it continues to be a fragmented profession. Other professions, such as law or medicine, have been rationalised so that, at most, one or two professional bodies represent members of the profession in each country.¹ A growing body of academic literature seeks to address this historical and theoretical question. This thesis aims to explore the history of one particular British accountancy body and its members, and to make general and theoretical explanations within the context of this overarching problem.

The Association of Chartered Certified Accountants (hereafter the ACCA) has several features differentiating it from the other British accounting bodies which make it a good case for adding further to the existing body of literature. Firstly, its predecessor bodies were latecomers into the field of the accountancy profession, arriving some ten to twenty years after the main players had been founded. Secondly, despite this late arrival it has survived and prospered to become a successful body.² Thirdly, it persists in being differentiated from the other UK accounting bodies in various ways, for example, its perceived lower status compared to the chartered bodies and its wider geographical

¹ Although I note that the British circumstance is not unique in that the Canadian and Australian accounting professions also display this characteristic.

² The ACCA's website (www.accaglobal.com on 22nd September 2002) proudly proclaims that it is the largest global professional accountancy body with nearly 300,000 members and students in 160 countries. Its qualification is widely regarded around the world and the syllabus has been used as the basis for the United Nations benchmark accounting curriculum (Annual Review, 2001).

membership. In comparison to the other British accounting bodies, little research has hitherto been carried out on it.

My motivation for this study arises from a growing interest in the nature of accountancy qualifications whilst working as a Senior and then Principal Lecturer in Accounting at a new university. Following involvement with the development and delivery of a large variety of accounting courses I was stimulated to learn more about the historical development of British accountancy profession and the development of its education and training system. On investigating the available literature at the time (1994), it became apparent that there was a lack of knowledge about the shaping of education and training requirements of accountants.³ This thesis aims to fill in part of that gap by considering the case of the ACCA.

The ACCA is one of six British professional accounting bodies that now have Royal Charters, the other five being the Institute of Chartered Accountants in England and Wales (ICAEW), the Institute of Chartered Accountants of Scotland (ICAS), the Institute of Chartered Accountants of Ireland (ICAI), the Chartered Institute of Management Accountants (CIMA) and the Chartered Institute of Public Finance and Accounting (CIPFA).⁴ Some of these bodies gained their Charters very early in their history, as in the case of the three Institutes with geographical remit, and they therefore became designated as the 'Chartered' Institutes and their members as 'chartered accountants', whereas ACCA members are colloquially known as 'certified

³ Since then Geddes (1995) and Anderson-Gough (2002) have addressed aspects of accounting education in relation to the ICAEW, and I draw on their work in this study.

⁴ Geographical terminology is complex within accountancy, as there are significant differences in the history of Scottish and English accountants. The history of certified accountants is not differentiated by which part of Great Britain and Ireland they lived in and I will use the term 'British' throughout this thesis to describe accountants based in Great Britain and Ireland.

accountants’.⁵ Of the three remaining bodies CIPFA gained its Charter in 1959, CIMA in 1975 and the ACCA in 1974, some seventy years after foundation.⁶ The fact that the ACCA was chronologically slow to gain this important badge of professional identity is itself a comment on the ACCA’s struggle for acceptance by the profession and the state. One reason for this struggle is that, whereas all the other bodies have some specific claim to professional status through a geographical or functional remit, the ACCA is an all-purpose body with no such restrictions, and consequently competes with all others. As a latecomer the ACCA has been the ‘underdog’ in such competitions and has had to contend throughout its British history with a lower status image. Its forerunners were originally established as associations through which members could offer accountancy services and, depending on restrictions, undertake audits as alternative sources of such services to the Chartered Institutes and the Society of Incorporated Accountants and Auditors (SIAA). However there was never a requirement for members to have to work in public practice and instead they could occupy responsible accounting positions in local authorities and other large organisations. The choice of employment opportunities thus also distinguished it from the specialist functional remit of CIPFA and CIMA. Such a lack of unique jurisdiction is a double-edged sword for the ACCA, for whilst in the early years this held back its predecessor bodies due to their lower status position, the other accountancy bodies were not able to prevent the ACCA from eventually achieving chartered status and expanding its scope of operations to a global scale, such that it is now the largest international professional accounting body.

⁵ The current correct terminology for ACCA members is ‘chartered certified accountant’, and previous designations arising from some of its founder bodies have included ‘corporate accountant’ and ‘certified public accountant’. To avoid confusion I shall use the term ‘certified accountant’ throughout to refer to members of the ACCA and its predecessor bodies, although I recognise however that members of the Corporation of Accountants were referred to as ‘corporate accountants’ from 1891 to 1938.

⁶ It is significant that the two latter bodies applied for chartered status following the failure of a scheme of rationalisation for the accounting profession.

The historical analysis undertaken here suggests that professional identity, both organisational and individual, has been important in contributing to the survival and success of the ACCA and its predecessor bodies. In particular, the development has been greatly enhanced by the way in which they have capitalised on the education and training requirements of the qualification as a key feature of the strategy and tactics for recognition and identity. I use the word ‘capitalised’ in a double meaning: ‘to reckon (the value of an asset) by setting future benefits against the cost of maintenance’ and ‘to use to one’s advantage’ (Concise Oxford Dictionary, 9th edition, 1995). This word for me encapsulates the relationship that the ACCA and its forerunners developed and maintained with the system of education and training. By ‘education and training system’ I mean both parts of the qualification that a student has to pass to gain admission to membership. This consists of successfully passing (or being exempted from on the basis of equivalent qualifications) a number of examinations at a number of different levels, as well as the satisfactory completion of a relevant work experience. The number of examinations to be passed and the amount and content of work experience has changed over the life of the ACCA and its predecessor bodies. In addition, I recognise that the credentialling process, with its disciplinary practices, does not end with the successful admission to membership, but rather it continues throughout an individual’s membership in the form of rules of professional conduct, which may vary according to the part of the occupational field in which an individual works.

The ACCA and its predecessor bodies have throughout their history placed considerable emphasis on the education and training system and this in turn has been important for institutional success. In doing so, they have copied or adopted educational techniques and approaches used by the Chartered Institutes (which in some cases have themselves

been adopted from other professions or educational institutions), then adapting and extending them for their own needs. The ACCA and its predecessors' use of the education and training system in this way is more pronounced than that of the other British accounting bodies, although I note that accounting education has been a significant issue for the other bodies as well. This is the underlying reason for the decision to trace the development of the education and training system, both in terms of its formal characteristics as well as its significance to students and members. So in order to address the question as to what shaped the identity of certified accountants, both organisational and individual, the study begins from the following three 'framing observations', concerning the significance of educational practice in the development of the ACCA and its forerunners as a professional body, and the construction of its members as professionals:

1.2 The Three 'Framing Observations'

Observation 1: At each stage of the ACCA's development, including that of its predecessor bodies, the choosing and crafting of the education and training system has contributed, if not in a straightforward way, to the organisation's development, survival and success and to the creation of a professional identity amongst its members. It has enabled the ACCA and its forerunners to take strategically significant moves forward in developing and exploiting new areas of jurisdiction. In one sense the ACCA and its forerunners can be seen as adopting a 'hybrid' approach as portrayed by Latour (1993) in terms of expanding to fill gaps, making choices as to how to compete, making connections where there is opportunity. This is achieved via the exploitation of the education and training system. For example, there is matching of the way in which the chartered bodies have achieved acceptance in the law by ensuring that the credentialling system is fundamentally equivalent in terms of only permitting entry through the

process of rigorous examination.⁷ In the same way, additional disciplinary procedures in relation to continuing professional behaviour are laid down. This enables the ACCA and its predecessor bodies to remain as players in the game and to survive to take advantage of the next opportunity for legal recognition and growth. It has also empowered members, through their changed status as individuals upon qualification, to create a professional identity unique to the amalgamated ACCA. The ACCA, thus, has a double interest: firstly, the examination is of historical importance in the system of education and training at institutional level, and secondly, the location of individuals within the ACCA has also been significantly affected by the education and training process.

Subsidiary questions to be investigated include (1) how continuing fragmentation of the accounting profession within Great Britain and Ireland has affected the development of education and training policies within the ACCA, and (2) what effect this has had on the role of the ACCA credentialling process, both in Great Britain and Ireland and overseas. One possible explanation for the continuing fragmentation is the differentiation between geographical, legal and functional specialisms of the different bodies. However, as members of all bodies work throughout all sectors of practice, the public sector and industry and commerce this explanation is clearly inadequate.

⁷ Credentialled knowledge is professional knowledge that has been tested via a high level qualification such as a degree or a certificate granted by a professional body (Weber, 1978; Macdonald, 1995). It therefore marks the body of knowledge which is subject to examination. The definition of the credentialling system in this thesis is further expanded in two ways. Firstly, there is a recognition that the credentialled knowledge may not fully equate to the knowledge area within which the credentialled expert works. Secondly, the credentialling process in itself, through the double action of imposing knowledge through the examination requirement yet through the completion of that same examination conferring the label of expertise upon the subject, is powerfully unique and cohering, and acts as a self-reinforcing conduit for growth.

Observation 2: The distinctive philosophy of (managed) open access, central to the ACCA and its forerunners' admissions policy, has enabled growth and diversification especially in times of closure by the Chartered Institutes. From foundation in 1891/1904 the democratic practice was adopted of giving opportunity to everyone, both men and women, who could prove themselves capable of passing the examinations. This continues today with a special entrance route for mature students with no formal qualifications.

A twofold effect can be observed. At organisational level there has been the opportunity for successful conversion of a relatively large applicant pool into numerically greater throughput to full membership. In terms of the individual, those who for whatever reason were unable to enrol with the Chartered Institutes were given the opportunity to qualify thanks to the open access policy of the ACCA and its predecessor bodies. Many have been able to rise through both the ACCA and their own employers to the highest positions, from where they have been able to continue to reinforce this ACCA policy.

Observation 3: Liberal education and training requirements have been a key factor in enabling the ACCA and its forerunners to grow and expand both in the UK and overseas. This pattern was significantly different to the Chartered Institutes, where for many years students were required to sign articles tying them to a British principal and to study whilst undergoing practical training at the same time. Even now training contracts are the norm, with only a small minority not training in practice, and 24 'A' Level points tend to be a necessity on entry. The ACCA and its predecessor bodies recognised the need for a less restrictive approach to meet the needs of the less privileged. Articles, with the accompanying payment of premiums, were never a

prerequisite for admission and students were permitted to work in any sort of accounting employment, whether in practice, public sector or industry and commerce, thus greatly expanding the pool of available recruits, particularly those who were older, from lower class backgrounds, or who had followed non-elite routes through education. Over time, the rules regarding the employment requirement were relaxed, enabling students to study full time prior to, or in between, gaining the necessary amount of practical experience deemed necessary for full membership. As a result overseas students, who had always been able to register with the ACCA and its forerunners, due to their lack of geographical restriction, were able to spend time studying in the UK. Degree entry has never been made mandatory. Such education and training practices have therefore been of great significance at key turning points in the ACCA and its forerunners' progress.

1.3 The location of the ACCA within the British accountancy world

The organisation of the British accounting profession is complex, with differentiation in terms of geography, function and status. The social status of the ACCA has always been seen as inferior. The London Association of Accountants (LAA), founded in 1904, and the Corporation of Accountants (Corporation), founded in 1891, which merged in 1938 to form the Association of Certified and Corporate Accountants, were described, even by their own historian, as the 'second wave' or 'third estate' of accountancy bodies (ACCA, 1954), thereby demonstrating the self-perceived ranking of certified accountants below chartered and Scottish chartered accountants. This view originated because the initial membership of the Corporation and the LAA consisted of those denied entry to the bodies perceived to be more prestigious, either because they were experienced practitioners unwilling to sit the new examinations, or because they lacked the funds to pay for articles (ACCA, 1954, pp.2-3). Despite the fact that the ACCA

carries the same legal status as the other three bodies licensed to practise audit (ICAEW, ICAS and ICAI), stratification in terms of the designations ‘certified’ versus ‘chartered’ continues, although this has diminished somewhat in recent times, particularly as the ACCA has gained the right to use the designation ‘chartered certified’ for its members and has developed its international standing as the largest global accountancy body (ACCA Annual Report, 2000).

The ACCA and its predecessor bodies remain under-researched in historical terms, the one in-house history (ACCA, 1954) being small, limited in scope and out-of-date. It is notable that in many histories of the British accounting profession there is little or no mention of the ACCA or its forerunners at all, the silence perhaps saying more than words about their perceived status in British accounting history. Yet the ACCA is the fastest growing accounting body, partly due to the success that it has had in the development, marketing and export of its qualification, particularly over the past thirty years (see Briston and Kedslie, 1997; Annisette, 1999, 2000), and in playing a continuing role as the alternative British practice body alongside an increasing international identity. This thesis will use a historical case study of the ACCA and its predecessor bodies to explore the questions outlined above.

1.4 Accountancy as ‘case’ of professionalisation

As stated above, the theoretical problem that the thesis addresses is one which involves extending and complementing recent work on British accounting professionalisation, an interesting conundrum within the accounting literature and beyond. Existing theories of professionalisation, which have been developed through sociological studies of other professions, have had considerable success in explaining the so-called ‘professionalisation project’ (Weber, 1978; Larson, 1977; Macdonald, 1995). However,

while this works in many professions (perhaps as a consequence of the extent to which a uniform regulatory force operates in those countries), this has not always been the case. The British accounting profession has never achieved closure, whether through rationalisation by merging the existing bodies into a unified whole, or by some other means of rationalisation to reduce the number of bodies in existence. To some extent this can be explained by the fact that legal, rather than professional, regulation is the controlling mechanism. This means that once bodies have gained legal recognition (in the form of inclusion in an Act of Parliament) they can all follow the same external legal rules, whilst having differing internal policies.⁸ This is the case with British accounting, where the six professional bodies continue to co-exist, and it is mirrored, to a lesser but still significant extent, by the Canadian and Australian examples. This can be contrasted with the United States, where it is the accountants themselves that are regulated, rather than the work that they are legally permitted to carry out.

One of the major features of recent sociological studies of professionalisation is the concentration on 'jurisdiction', as derived from the work of Abbott (1988). Abbott's work on the system of professions is wide-ranging, covering both professions and countries, and it goes beyond previous theories in creating a system model that takes account of 'the complex mass of contingent forces' that have shaped and defined the history of professions (Abbott, 1988, p.316). His central argument is that rather than looking at the structure of professions we should instead concentrate on the work that professionals do:

⁸ It is important to note here that the jurisdiction of accountants is very wide, and only part of the work is limited by Acts of Parliament (currently the audit of larger companies, financial advisory services and insolvency practice). The majority of qualified accountants, who are members of one of the six chartered bodies, work outside these restricted areas. For example, there is no requirement under Company Law for any director to be a qualified chartered accountant.

‘It is the content of the professions’ work that the case studies tell us is changing. It is control of work that brings the professions into conflict with each other and makes their histories interdependent. It is differentiation in types of work that often leads to serious differentiation within the professions.’ (Abbott, 1988, pp.19-20).

In this context he defines ‘jurisdiction’ as the link between professional structure and the work that professionals, as members of that institutional framework, carry out. He argues therefore that professionals must be able to claim jurisdiction in order to carry out their work. Each profession occupies an area of jurisdiction, and these are bound in relationship with each other such that the movements of any one profession/jurisdiction will affect others. Although he states that jurisdiction will come under dispute, his view is that it is a more-or-less exclusive claim, with one profession’s jurisdiction preempting another’s. Due to the significance of disputes and their outcomes on professional jurisdiction, his work focuses on jurisdictional boundaries, where professions attack and defend their territory. Consequently less emphasis is given to what lies at the core of a jurisdiction, i.e. what constitutes professional identity. As Sikka and Willmott (1995) note, this is a limitation to Abbott’s work, particularly in relation to the accounting profession. Of specific consideration to this thesis is Abbott’s tendency, because of the wide range of professions that he covered, to conceptualise professions as if they are fundamentally homogeneous, whereas in fact as Sikka and Willmott (1995, p.550) state (their italics):

‘...it is necessary to be mindful of [the accounting profession’s] highly complex and fractured organization as well as the diverse kinds of work undertaken by qualified (“professional”) accountants.’

Within the British accounting profession there is largely the same formal content of knowledge (with minor functional differences), but for each accounting body there is a different shape of expertise. There are also important legal distinctions in jurisdiction between those bodies permitted to carry out restricted work (ICAS, ICAEW, ICAI and

ACCA) and those that are not (CIMA and CIPFA). Here the jurisdictional approach is silent, as it is inadequate in capturing the behavioural relationships significant in the practice of professions. Nor do sociological approaches distinguish between the development of knowledge fields and the development of professions occupying those knowledge fields, as the focus on jurisdiction tends to treat the knowledge field of a profession as clearly constituted and defined, and therefore helping to provide the boundaries between professions. Generally, the prominence of the modern accounting profession is seen either as a story of its successful professionalisation (e.g. Garrett, 1961; Howitt, 1966; Jones, 1981, 1988), or otherwise as an inevitable development as accounting knowledge becomes economically indispensable (Kedslie, 1990a; Miranti, 1990; Stewart, 1977). But in accounting, there is an old knowledge that can be traced back as far as 8000 BC, well before the invention of writing (Schmandt-Bessarat, 1992), yet a relatively new profession, only emerging at the end of the nineteenth century. In addition, as Richardson (1987) points out, the continuing existence of a number of accounting bodies within a profession leaves the professionalisation project unfinished, and, as Shackleton and Walker (1998) conclude, it is likely to remain that way in the British context because of the significant opposition at member level to any schemes devised by the professional bodies' office-bearing elite.

1.5 Theoretical approach to this study

This thesis will take a disciplinary approach to the problem in order to examine more closely the issues within the knowledge and professional fields that are important in beginning to explain the complexities of the British accounting field. Such an approach draws on Foucault's observations (1977, esp. pp.170-194) that the modern world may be a 'disciplinary' society, but disciplinary in a double sense, both for professions and for individuals. As well as producing the academic knowledge behind the profession,

professions and their members are products of disciplinary practices. This latter in turn has a doubly disciplinary effect, for not only do disciplinary practices exercise power over subjects through the processes of surveillance, judgement and examination (Foucault, 1977; Hoskin and Macve, 1986), but the process of becoming a professional then confers power on subjects through their professional identity (Hoskin, 1993; Hoskin and Macve, 1993). It is this positive effect of power that helps explain how disciplinary practices shape professional development and identity. This becomes a self-reinforcing dynamic, as individuals become expert professionals through being well-disciplined, and in turn then exercise power over others due to their professional identity gained through knowledge expertise and performance. It is also a continual process, as there is a constant monitoring of behaviour against the disciplinary code.

A disciplinary approach raises a general theoretical issue about identity. The definition of identity can be addressed in more than one way. One approach is to consider the content of the term, and to concentrate on those aspects that make up the central core, as demonstrated by proponents of trait theory (Carr-Saunders and Wilson, 1934; Millerson, 1964). Alternatively, it is possible to define an identity through differentiation from other identities and here the boundary becomes of complementary importance. Abbott's approach uses a focus on jurisdictional boundaries, with subsequent concentration on issues at the boundary such as territorial disputes, to explain the location, and hence identity, of one profession with regard to others. This is useful in terms of drawing attention to the boundary as the location of dispute and change in a profession, however it leaves a number of unanswered questions about the changing nature of the knowledge and practices within the boundaries.

Klein (1993) promotes an alternative view of boundaries separating disciplines in which they are seen as being blurred, fuzzy and with considerable permeation as knowledges become more complex and crossing between disciplines occurs. The epistemological structure of a discipline plays a major role in determining the permeability of a boundary, with loosely-knit, divergent groups signalling fragmented and open-ended disciplinary structures, whereas tightly-knit convergent communities signal impermeability (p.188). The problem of what constitutes a discipline also arises, for as most modern disciplines encompass a wide range of sub-disciplines, the focus may need to be at sub-disciplinary level (Becher, 1989). And as knowledge grows increasingly convergent and specific at the same time as its global scope expands and permeations multiply, the result is a complex set of open-ended interdisciplinary positions (Klein, 1993, p.206).

The approach based on disciplinarity adopted here stresses the importance of both core and boundary in defining identity by recognising the tension that exists between them, and suggesting that there is never any fixed identity as such to either a knowledge or a professional field, as identity is always contingent and shifting. What is included or excluded is defined only through the boundaries constructed by the texts and knowledge set in the syllabuses at any given time, and the training and qualifying practices involved in becoming a professional. There is constant change as new knowledges are admitted and old knowledges fall away, and as new demands are imposed in the training, qualifying and monitoring practices. There is always the need to demonstrate that each member's behaviour is appropriate according to the standards of the day, not just by reference to the state of disciplinary knowledge and practice at the date of admission. There is therefore no underlying epistemological coherence to secure a

definitive knowledge-based identity at the centre. Dependent on where the boundary is set in terms of inclusion or exclusion of knowledge, the identities of professional bodies may be far apart, or close together, as in the case of the British accounting profession, where there is significant overlapping of boundaries. And as boundaries are a dynamic construct, over time there may be a coming together or a moving apart of professional bodies within knowledge fields, thus causing permeation and fuzziness across boundaries.

Also apparent are the tensions between the knowledge on the inside, in terms of what are considered as the formal limits of knowledge that is legitimately 'owned' by a professional body, and external knowledge, the fields that accredited professional experts move into that are outside the formal boundaries of the professional body. The changes in these tensions can be traced through a study of the changing epistemological stance adopted in the narratives of professional bodies, and the relative levels of openness and closure of disciplinary boundaries over time. For example, disciplinary histories will show the dynamics of boundary movement and identity formation through the way in which the self-legitimation is portrayed at key points in a profession's history (Fuller, 1989), and there is clear evidence of this in relation to the ACCA, as demonstrated in Chapters Four to Seven.

For this thesis, there are several features of a disciplinary approach that are significant and will add richness and depth compared to a jurisdictional approach alone. So as well as a deeper analysis of the complexities of boundaries and their place in knowledge production, there will be consideration of the dynamic and open ended aspects of professional development, together with the use of knowledge as both a constraining

and an enabling mechanism. It can be argued that in the modern world accounting as disciplinary knowledge has become both omnipresent and embedded within bodies (individual and institutional), and that accounting as a professional (credentialling) process, with its micro-technologies of control has become the way through which bodies can gain expertise and control. This thesis uses the case of the ACCA, at both institutional and individual levels, to examine the historical development of identity through disciplinary knowledge within the British accounting profession. Empirical work examines those aspects peculiar to the ACCA which have helped it to grow, merge and expand over the decades. The accountant as well-disciplined expert resonates through the history of the ACCA and its predecessor bodies, with the role of education and training seen as an important element both in bestowing disciplinary rigour on the process and in ensuring the survival and growth of the ACCA, with the consequent and self-reinforcing impact on professional identity.

1.6 Historical framework of the study

A chronological approach has been adopted as a framework for examining the importance of the role of education and training in transforming the professional identity of the ACCA and four distinct periods in the ACCA's development have been singled out for analysis. Firstly, the history of the LAA and Corporation from inception in 1904/1891 to 1930 shows the struggle to achieve legal recognition alongside the Chartered Institutes. At or soon after foundation the two former bodies had deliberately taken on the rhetoric of the disciplinary practices adopted by the older bodies, particularly the practice of the examination, and it was through rigorous defence in Parliamentary Committee of the enforcement of these practices that led to legal

recognition being achieved, whilst for some other accounting bodies it was denied.⁹ But whilst the LAA in particular imitated the Chartered Institutes in adopting the credentialling process deemed necessary for professional status, from the start it had differentiated itself through its practices of a liberal admissions process and less strict requirements for training.¹⁰ Following recognition, in a second phase of development, this enabled the LAA to amalgamate and expand, renaming itself as the ACCA and leading to the development of a different professional identity that, whilst it continued to be of lower status to the Chartered Institutes, was of significant value to its individual members. In the third phase the substantial overlap of boundaries between the ACCA and the Chartered Institutes led to the hope of rationalisation for the accounting profession, but the ACCA was to be denied this, despite significant disciplinary advance, such as the adoption of practising certificates and additional monitoring of performance. Although there may have been little difference in terms of knowledge fields as all accounting bodies moved more towards general business management, professional identities remained sharply differentiated, with the ACCA resisting the move towards elite entrance criteria and persisting in its open access approach, whilst relaxing the training requirements still further to permit full time study. Finally, the ACCA combined this admissions policy with its strong accumulation of credentialling experience to develop a world-wide strategy for growth, which has shifted its identity away from the British accounting arena to the global stage and which requires different professional comparisons to be made (to international audit firms operating in a number of national environments rather than to the geographically restricted Chartered Institutes).

⁹ It should be noted, however, that *rhetoric* and *reality* may not be equivalent, as was evident, for example, in the fact that although the LAA adopted an examination structure and set exams in 1906 within two years of foundation, examinations would not be compulsory until 1920, fourteen years later.

This thesis proceeds as follows. In **Chapter Two - Literature Review** I review relevant literature on professionalisation and discuss the importance of disciplinarity to the process of professionalisation from its emergence in medieval times through to the changes of the eighteenth century. I conclude with a discussion of the specific case of accounting as knowledge discipline and profession. **Chapter Three – Research Methodology and Methods** examines possible theoretical frameworks for studying professionalisation, and introduces the methodological approach of ‘disciplinarity’ used in this work. I also give details of the fieldwork carried out, which included the use of oral history as well as documents from primary and secondary sources. The empirical work is divided into four chapters, each recording one stage of the ACCA’s development as follows: **Chapter Four - An alternative opportunity (The early years-1930)**, which covers the period from inception up to the legal recognition of the LAA for municipal audits; **Chapter Five - Establishing a significant ‘other’ (1930-1947)**, which covers the period up to the start of the post-war talks on integration; **Chapter Six – The certified accountant as business accountant (1948-1970)**, which covers the period up to the failed unification proposals for the British accountancy profession; and **Chapter Seven – Developing a strategy for the future (1970 – 1998)**, which deals with events up to the failed merger proposals of 1998. Each chapter discusses the events of the relevant period within the context of the framing observations detailed in Section 1.2 above. **Chapter Eight - Conclusions** analyses and reviews the overriding themes before discussing the limitations and possible extensions of the work.

¹⁰ Although at the start the motive seems to have been expediency, in order to ensure that its founder members could obtain tax and accountancy work, rather than altruism.

Chapter Two - Literature Review

2.1 Introduction

The aim of this chapter is to review the existing literature on professionalisation, the structure of the professions and professional identity, both in general terms and in terms of the specific case of the British accounting profession, from within the framework of a disciplinary approach. Understanding the professional identity of the certified accountant is complex and rooted in a long history. It is possible to study the accountant as one of the many success stories in the professionalisation process. Alternatively, it is possible to trace the development of the accountant as an inevitable consequence of the growth in importance of accounting knowledge in modern times, but this can flatten out or over-simplify what may be happening at a deeper level. For accounting is a particularly intriguing case given that it is an old knowledge, but a relatively new profession.¹¹ The concept of disciplinarity provides the link between knowledge and professionalisation for it encompasses both the significance of disciplinary knowledge as well as the notion that disciplinary practices, again in a double sense, both exercise power over and confer power on individuals through professionalisation (both at the point of entry to the profession and continuing throughout the period of membership). This can be used to help explore the complex relationship that now exists, and has existed for a long time, between accounting as knowledge and the accounting professional.

¹¹ This case contrasts with those of law and theology, which are both old knowledges and old professions.

This chapter starts by examining the importance of the medieval origin of the professions, and the emergence of disciplinary practices in medieval universities that gave rise to the invention of knowledge disciplines and associated professional rights.

2.2 The origin of the professions

In the literature on the professions, a number of phases can be discerned. Since the beginning of the twentieth century there has been an interest in systematic study of the professions and sociologists have developed a number of frameworks for the analysis of professionalisation (cf. Carr-Saunders and Wilson, 1934; Millerson, 1964; Parsons, 1968; Elliott, 1972; Johnson, 1972; Larson, 1977; Abbott, 1988). These concentrate on the rapid expansion and development of the professions in the nineteenth century. Whilst there is some recognition of the medieval origins of the professions, detailed analysis focuses almost exclusively on the expansion of the professions in the nineteenth century, with only cursory mention of any preceding period (cf. Millerson, 1964, pp.16-17; Parsons, 1968, p.537; Johnson, 1972, p.52; Dingwall and Lewis, 1983). Larson, for example, states, 'Professions are ... relatively recent social products' and covers the pre-industrial antecedents in a little over two pages (1977, pp.2-4). Abbott refers in passing to the medieval or ancient origins of the professions but moves directly to the modern when he asserts that, 'The nineteenth century saw the first development of professions as we know them today.' (1988, p.3). Goldstein (1984, p.174) summarises the position as follows:

'Sociologists regarded the professions as having distant medieval origins; more specifically, the three prototypical professions of learning, law and medicine were seen as having 'differentiated' from a common medieval 'religious matrix'.'

Sociologists have therefore taken the nineteenth century as the start point for an institutional and professional analysis, and have arrived at a set of attributes

contributing to professional identity. These are, as Goldstein (1984, p.175) observes, (1) a body of knowledge which acts as the qualification for both entry to the profession and practice of it; (2) a monopoly competence of the profession in its domain of specialism; (3) autonomy for the profession in terms of its work and admission to membership and (4) a service ideal.

However, I shall propose, based on Hoskin (1986), that this is not the appropriate point from which to begin an analysis for in fact the earlier period is highly significant in its own right. Therefore we should posit a two-stage history of the professions, with the first stage of professionalisation beginning in medieval times where the structure is framed around knowledge in a pedagogic context. This then leaves much of the existing literature on professionalisation to be read in terms of its contributions to understanding the second stage in this two-stage history – a stage which entails both the reform of the old professions and the growth of the new professions during the nineteenth century. In this context, there is a considerable change to the knowledge involved in being a profession and a professional, with considerable broadening and deepening of the knowledge deemed relevant or necessary.

Rather than focusing on institutional analysis at this stage I shall concentrate on the practices at the heart of professionalisation, something frequently below the level of analysis. Among these are included the secondary practices of writing, archiving and measuring but I shall propose that the most important is examination, as it enables professionalisation to be defined in a way that separates it from other expert work such as artisan skill. The examination is central to the practice of linking together expert knowledge and the individuals who become the products of it, as was recognised by

Foucault in his work *Discipline and Punish* (1977). He explored the development of the examination in examples relating to seventeenth century medical, military and educational practice, as important changes in relation to administrative practice were taking place (Foucault, 1977, pp.184-194). Goldstein (1984) in her Foucauldian analysis of the professions also recognises the importance of the examination, but does not investigate its specific history. However study of the medieval invention of the examination shows how it was central to the process of professionalisation.

The practice of formal examination, with qualification (the *licentia docendi*) based upon it, has long been known in history of education work to be a distinguishing and new feature of the emerging medieval university in around 1200 (Rashdall, 1936, pp.7-10, 281-287). It did not take the form of a modern written examination as it is understood today. Instead scholars studied (examined) texts in close detail (Rouse and Rouse, 1979, 1982), and after several years of study would give a public lecture (the *inceptio*), so that their audience might judge their achievements. If the oral explication involving the examination of a particular text provided proof that the scholar had reached the requisite level he would be considered a *magister* or master (Rashdall, 1936, pp.283-6). This emerged from 1215 as the basis or precondition for the award of a *licentia docendi*, or licence to teach, awarded by the existing body of masters. These two developments, the internal practice of formal examination plus the award of the licence by the masters, can arguably now be seen, taken together, as the means by which the university as we understand it came into being.

Originally the *licentia docendi* was awarded for teaching in a given geographical area, usually on payment of a fee, by the Chancellor of the local Cathedral or some other

similar ecclesiastical official. In Paris there was growing pressure however to deprive the Chancellor of this right. In 1179 a Papal decree arising from the Third Lateran Council required the Chancellor to grant the *licentia docendi* to every properly qualified candidate, as defined by the existing body of masters, and no fee was to be taken (Rashdall, 1936, p.281; Cobban, 1975, pp.81-2). Important rights granted to the masters and scholars of Paris addressed in a Bull by Innocent III in 1212 and made permanent in statutes by the Cardinal Legate, de Courçon, in 1215 gave independence to the masters of the various disciplines (Rashdall, 1936, pp.308-9). This meant that the professional association of masters, rather than the Church, now carried the responsibility, based on examination, for admission to the *licentia docendi* so creating autonomy from the Church.

Over the course of the thirteenth century independence was taken further through the privilege of *ius ubique docendi*, the licence to teach in any university without undergoing further examination, which removed the previous geographical restriction from the licensed masters (Cobban, 1975, p.27-28; Baldwin, 1982, Southern, 1982). Once established, the medieval universities put in place many of the practices of modern professions, with 'their statutes, seals and administrative machinery, their fixed curricula and degree procedures' (Cobban, 1975, p.21). This is also the point in time when 'discipline' is first used to define an esoteric body of knowledge (Evans, 1981). So there is a coming together of a number of important developments. In academia knowledge and study are related together as a discipline, at the same time as students are subjected to the rigorous discipline of examination on that knowledge, and licensing is transformed from a geographical to a professional right based on disciplinary, not ecclesiastical, boundaries.

Returning to Goldstein's summary of professional attributes, Hoskin suggests how this can now be reworked in the medieval context, to show how the combination of examination and licence coming together for the first time enabled professionalisation to take place, neither one being sufficient on its own to meet all the requirements. The licence backed up by examination required the student to study an esoteric body of knowledge in order to become an accredited expert. The examination backed up by the power to licence led to monopoly competence of the professional as well as the autonomy for the profession in terms of admission to membership.¹² The two together created the conditions for a service ideal to be realised (Hoskin, 1986, p.3). Such an analysis is a doubly disciplinary one as the practices of examination and qualification have both knowledge and power effects. Both professions and professionals become experts in disciplinary fields through the disciplinary practice of examination. They also are enabled to capture the benefits in terms of status or position (and political or institutional power) that follow from the acquisition of the professional 'title'.

This chapter will proceed as follows. Next the term 'disciplinarity' will be explained in more depth, in its historical context. Then the relationship of the 'disciplines' to professional identity and discourse will be explored in general terms. Finally the chapter will consider accounting as discipline, both in terms of formation of accounting as knowledge and in terms of knowledge and profession.

¹² The crux of the matter here is that the professional claim to expert knowledge has been established by a higher authority, which then gives a dispensation to that profession to exercise a monopolistic power over any subjects who wish to enter.

2.3 The importance of disciplinarity to professionalisation

Disciplinarity, as referred to above, is a complex concept because of its linking together of two important meanings in the context of professionalisation – that of a body of knowledge pertaining to experts as well as organised teaching and control and the habitual self-control that results. Goldstein (1984, p.178) remarks that this conflation of knowledge and social power-wielding activity gives ‘the perfect ambiguous resonance’ to the term (and see Section 3.4 below). The various meanings of ‘discipline’ are extended in the medieval period to include the additional religious connotations – the maintenance of a set of rules with punishment meted out for infringement coexisting with the idea of formative instruction or moral direction to which one submits (Goldstein, 1984, p.178). Here, as noted above, the context of disciplinarity is within the emerging university system of Western Europe. It is in medieval times, rather than in the modern period as is stated by Goldstein, that the academic ‘disciplines’ of Law and Theology are first denoted, giving the more specific usage of the term as a branch of knowledge (Evans, 1981).

Academic study of the intertwining of bodies of knowledge and relations of power takes much of its inspiration from the work of Michel Foucault, who refers to all three of the meanings of discipline. In *Discipline and Punish* (1977) he concentrates on the medieval double meaning of ‘discipline’ with the examination at its heart as the ‘means of correct training’, but in *The Archaeology of Knowledge* (1972) he focuses on ‘discipline’ as a branch of knowledge. In *The History of Sexuality: Volume Three, The Care of the Self* (1986) he considers the role of self-discipline. This usage denoting an understanding of the complexities of the term contrasts with the limited usage by sociologists, who have tended only to refer to that part of the meaning relating to

knowledge bases in the context of professional occupations.¹³ However Foucault's analysis, certainly in his earlier works, concentrated on the changes in disciplinary practices in the seventeenth and eighteenth centuries rather than examining the origins of disciplinarity in this form. And although he looks at the role of discipline in a pedagogic context amongst others, its pedagogic origins are not made clear. The changes that 'discipline' underwent in medieval times are however important in a history of professionalisation, because, although the disciplinary practices that emerged at that time were different to those that emerged in the seventeenth and eighteenth centuries, they were significant in initiating the structure of professions out of which has come the later expansion. We can also see the continuity of the various meanings of 'discipline' in the post-credentialling disciplinary activity of professions. Whilst the examination is the entry point to becoming a professional, such credentialling has always been supplemented by some further disciplinary practices (of both knowledge and power) which are an integral part of maintaining professional integrity. In terms of knowledge, the claim to proper professional expertise is met by the way in which members must demonstrate competence post-qualification. Power is exercised over individuals in relation to disciplinary conduct, with sanctions being taken against those who are deemed to have acted 'unprofessionally'. In all professions there is the equivalent of a rulebook that acts as a repository of regulations and procedures that define normal and proper professional behaviour and are invoked when dealing with misconduct.

'Discipline' as organised teaching and control, including self-control, has two sides to its meaning. Disciplinary practices, which lead to the exercising of power over subjects,

¹³ For example Talcott Parsons refers to 'the interrelated developments of the intellectual disciplines and

can be viewed as negative and repressive. Here the micro-technologies of hierarchical observation of the subject together with normalising judgement and punishment for transgression, combined in the form of examination, lead to individuals and populations being rendered calculable, docile and visible under the all-seeing gaze. This meaning has been widely examined in the literature (cf. Miller and O'Leary, 1987; Knights, 1990; Collinson, 1992; Jacques, 1996). But of equal importance is the positive side of power. Foucault emphasises this point:

'But it should not be forgotten that there existed at the same period a technique for constituting individuals as correlative elements of power and knowledge. ... We must cease once and for all to describe the effects of power in negative terms: it 'excludes', it 'represses', it 'censors', it 'masks, it 'conceals'. In fact, power produces; it produces reality; it produces domains of objects and rituals of truth. The individual and the knowledge that may be gained of him belong to this production' (1977, p.194).

In constructing a history of professionalisation, whilst expert knowledge leads to the exercising of power over subjects, at the same time subjects are rendered powerful through the acquisition of that knowledge. For in any disciplinary power relation there must be two parties. Those who exert power over the 'docile' bodies' do so by virtue of the fact that positive power has been conferred on them. In the case of professionals they are turned from subjects to enactors of control through their own acquisition of expert knowledge. In addition, for professionals, the acquisition of expert knowledge has given them power and authority over wider society in general in the pursuit of their work. Goldstein recognises this when she states:

'It emerges that those who administer the "disciplines" to the aggregated "docile bodies" are...none other than the "professional men" of the Anglo-American sociological tradition' (1984, pp.175-176).

The relationships between the academic disciplines, expert knowledge and the professions are therefore of importance when investigating the development of the professional.

Tracing the emergence of disciplinary practices requires the questioning both of the role of historical investigation and the way in which it is carried out.¹⁴ A Foucauldian approach to history based on the themes of archaeology and genealogy emphasises general, rather than total, history (Dean, 1994, pp.93-94). A genealogical approach seeks to question the way we perceive things today by seeking out their historical emergence. This is done, not by looking for a single reference point in history, but rather by providing a meticulous and carefully documented account of numerous contingencies that together fashion particular events at particular times in history. This approach shows how objects are formed at certain historical moments and persist through certain periods of time ‘under the positive conditions of a complex group of relations’ (Foucault, 1972, p.45). Goldstein (1984, p.172) refers to the instability and ephemeral nature of such relations which are characterised by discontinuities and ruptures over time. A genealogical approach therefore concentrates on those points where key transformations take place.

The importance of disciplinarity to the history of professionalisation can thus be examined through tracing the emergence of disciplinary practices (Miller and O’Leary, 1987). In the case of disciplinarity there are two points in time when discontinuities occur. Firstly disciplinarity is invented in the emerging medieval universities, and

¹⁴ See Section 3.3 below for a discussion of historical method in relation to this thesis.

secondly it undergoes significant change in the eighteenth century due to the changes in educational practices at that time.

2.3.1 The medieval changes to the practice of discipline

Prior to the medieval period there was no discourse of examination and qualification and no structure of professionalism. Summary texts and the licensing procedures based on examination of those texts are absent (Hoskin, 1986, pp.2-3). The important change came about when the new practices of writing and examination became linked to the new and emerging knowledges in the medieval universities.¹⁵ During the twelfth and thirteenth centuries, schools of formalised learning grew up in many of the major cathedral cities, most notably Paris, Bologna and Salerno, where groups gathered to learn from individual teachers such as Abelard. Some centres became quite sizable in medieval terms, for example Paris, where there was considerable royal support, had an estimated academic population of between 2,500 and 5,000 in around 1200 (Baldwin, 1970, i, p.72 and ii, p.51). Scholars studied in a number of faculties – the arts (producing bachelors) and the higher faculties of theology, the law and medicine (producing masters), and were in addition all clerics, due to the ‘religious’ nature of the medieval university system (Parsons, 1968, p.541; Carr-Saunders and Wilson, 1934, pp.476-477). In this context of elite learning new practices began to appear in terms of reading and writing. Whereas previously the preference had been for reading aloud, there was a shift to writing-centred practices, which led in turn to a re-ordering of the text in order to make it easier to read and study (Saenger, 1982; Rouse and Rouse, 1979). The emphasis was on a silent and critical reading of the text, named *inquisitio* by Abelard, which required a re-ordering and cross-referencing of primary text in the form

of indices and concordances. Ultimately this produced a new way of reading the text as, rather than reading it straight through, it was read in relation to other passages and texts. Its significance was that this practice led to the critical examination by teachers of their students during the latter half of the twelfth century, a two-sided event with the threat of humiliation and failure on the one hand - the repressive side of power - but the mark of success and status on passing - the positive aspect of power – on the other (Hoskin and Macve, 1986, p.111).

2.3.2 The effect of educational changes in the late eighteenth century

At the end of the eighteenth century the examination moved from the oral tradition to being both written, and numerically graded, which meant that an objective rather than an ordinal ranking could be applied to students for the first time (Hoskin and Macve, 1986, pp.126-127). The invention of the mark as a construct led to new opportunities for the quantification of human qualities. This micro-technology, as Hoskin and Macve (1986, p.127) describe, ‘is simultaneously a record of accounting of acts *and* a currency which attributes a differential value to those acts.’ The mark, as a self-contained written sign enabled a new objective worth to be given to examinations, and so provided the means for standards and norms to be set and populations measured against them. The written examination and the new systems of grading therefore exposed the individual as part of the group for the first time. In medieval times it was only the individuals who were out of the ordinary and ‘heroic’ in some sense who were recorded, with most individuals being below the threshold of visibility. But now a new principle of individual accountability was introduced and the calculable person emerged. The idea of

¹⁵ Islam like Byzantium had elite intellectual institutions, and these were (both) very important in the transmission of ancient and new knowledges to the West. However there is no independent credential

the standard became a powerful element of the discourse, as students must be measured against the norm, and within the universities and other educational institutions various merit systems and evaluations became established (see Hoskin and Macve, 1986, pp.129-130).

The nineteenth century universities saw a vast increase in the network of modern academic disciplines, legitimated by written examination systems that resulted in the award of a degree. Academic disciplinary reform began with the old elite institutions, for example, Gottingen and Halle in Germany, the Royal Ecoles in France and Oxford and Cambridge in England (Hoskin, 1986). At around the same time, the old professions of medicine and the law were reforming themselves, and turned naturally to the relevant academic disciplines for an appropriate credentialling system. As referred to earlier, it was important for a profession to obtain a monopoly over competence and control over admission to membership. A rigorous written and graded examination system offered overt legitimation and was appropriated by the reforming professions as a means of adopting more rigorous and therefore powerful licensing systems (Hoskin, 1986, p.6).

The reform of the old professions was followed by a dramatic expansion of professionalisation during the late eighteenth and nineteenth century, which has been seen as of huge significance in modernity. For example, Parsons (1968, p.536) states,

‘The development and increasing strategic importance of the professions probably constitute the most important change that has occurred in the occupational system of modern societies’.

Accountancy was one of many professions that became established in this period.

2.4 Professional identity

Within the modern professions, the structural features of the old professions (i.e. the credentialling process and the right to practice conferred by licence) can clearly be seen. One observation, as Goldstein (1984, p.175) recognises, is that the concept of professional knowledge may well be either deliberately stressed or simply taken for granted, thus implying an equivalence to professional identity, as the given at the core (cf. West, 1996, p.82). Social practices, such as elitism or meeting social needs, then take place around that core. This indicates the notion that professional knowledge has always existed in clearly bounded areas, or bodies of knowledge, which is not the case. Abbott's (1988) jurisdictional approach, which offers a broader framework through theorising that professions exist within an interacting system, recognises for modern professions that jurisdictional boundaries are dynamic in terms of knowledge entering and leaving the jurisdiction. But even within the medieval world knowledges and boundaries were constantly being expanded and redefined, with jurisdictional disputes from the start (Hoskin and Stafford, 1998). Freidson (1986, p.32) notes that the problem:

‘is created by attempting to treat *profession* as if it were a generic concept rather than a changing historic concept with particularistic roots in those industrial nations that are strongly influenced by Anglo-American institutions.’

Thus professional knowledge, and with it professional identity, was already being defined as something contingent and dynamic, constituted only by what fell within its boundaries at a particular moment in time only. Consequently a theoretical approach is needed that is able to encompass this full scope of professional practices. Such an approach can be characterised as diachronic, rather than synchronic, in approach, in that

it recognises the importance of the time relationship rather than just studying professionalisation at a particular point in time (cf. Saussure, 1916).

As well as practices being important in creating identity, discourses of and around professionalism also contribute to the formation of professional identity. Professional discourse is to do with how a profession relates to others through its projection of the particular set of characteristics that go together to define a profession and set it apart from other activities that cannot lay claim to being a profession. As such, it is of high importance to professions and their members, because, as Foucault (1981, p.52) says

‘in every society the production of discourse is at once controlled, selected, organised and redistributed by a certain number of procedures whose role it is to ward off its powers and dangers, to gain mastery over its chance events, to evade its ponderous, formidable materiality.’

Professional discourse is concerned with maintaining the status and reputation of the profession, as idealised by trait theory in such areas as service ideal, professional conduct, independence and so on (Millerson, 1964; Wilensky, 1964). It also relates to individuals wishing to enter the profession as it conveys the notion that being professional carries with it certain requirements and behavioural conditioning, which, as Anderson-Gough *et al.* (1998) show, can be of more importance than mastering the relevant body of professional knowledge. An important feature of discourse is that it changes throughout history, being reinforced and renewed by practices, for example, pedagogy, system of books and libraries, etc. (Foucault, 1981, p.55), and therefore professional identity can be seen to be a historically and culturally specific construct rather than an innate phenomenon (cf. McNay, 1992, pp.5-6; Becker, 1970, p.92).

2.4.1 Professional identity in medieval and pre-modern times

The assertion of professional identity was important to the *magistri* of Paris, as evidenced in their discourse (Baldwin, 1982, pp. 158-161). Such historiography shows how self-awareness of professional status was being created from the origins of professionalisation.

The three original learned professions of medicine, law and the church (of which university teaching was part) could be delineated conceptually by the characteristics they shared as a result of their origins (Freidson, 1986, p.32). The word *profession* originally stemmed from the usage connected with avowal and declaration and was associated with the clerical foundation of the medieval universities, clearly a positive evaluation implying good and moral intentions. However, as Freidson (1986, p.21) notes, it has a long and bewildering history in Latin Europe, with both negative and positive connotations associated with it. By the sixteenth century, when it had come to refer to an occupation it had acquired a double meaning. It was used to refer to the university-educated professions of divinity, law and medicine which were all seen as elite activities. This was due to the high status accorded to them rather than to the skills and activities involved in their practice. At the same time it had come to mean all manner of occupation, not limited to the exclusive but including all types of trade and work, including debased occupations. For example, one Tommaso Garzoni in 1587 gave a list of hundreds of professions ranging from assassins to dealers in second-hand clothes (quoted in Burke, 1986). But by the nineteenth century the word *profession* had come to be applied to the new or reformed occupations, elevating their status to something exclusive and prestigious. At the same time there was a conflict with academic scholars, who did not want to have the same label to their scholarly pursuits

because of the trade implications. They instead sought to distinguish academic study, the pursuit of knowledge for its own sake rather than for commercial gain, from what they designated as specialised training for the professions (Veysey, 1965, p.149). This confusion as to whether the term conveys prestige or denigration is part of the problem as to what constitutes a profession. The solution, as stated earlier, lies in the recognition that professions are a changing historic concept.

2.4.2 The modern expansion of the professions

Despite the definitional problems, there is general agreement that before the nineteenth century professional identity of the three elite professions was clear and well recognised. Elliott (1972, pp.14, 32) uses the term *status professions* for them, due to the marked difference between them and the developing occupational professions. However, the newly reorganised and newly formed occupations of the nineteenth century sought the title of *profession* in order to gain the elite status of the traditional professions, thereby distancing themselves from lowly trades (cf. Reader, 1966; Larson, 1977).

The particular economic and social context at the time of expansion of the new professions was significant. In both Britain and America there was a market economy with 'a comparatively passive and decentralized state apparatus with a strong but by no means unambivalent laissez-faire philosophy and a small civil service' (Freidson, 1986, p.33). This meant that occupations seeking to gain respectability as professions had to organise their own strategies for doing so, and perforce they adopted the disciplinary strategies of credentialling and legitimation which had already proved successful for the old, reformed professions and which was an indisputable way of claiming the right to recognition as a profession.

‘Gaining recognition as a ‘profession’ was important to occupations not only because it was associated with traditional gentry status but also because its traditional connotations of disinterested dedication and learning provided political legitimation for the effort to gain protection from competition in the labor market.’ (Freidson, 1986 p.33)

Frequently it was the less prestigious or established professions which first took up the disciplinary practice of examining and grading from the universities. For example, with the old profession of medicine, in France it was the clinicians in the hospitals, not the high status physicians, who adopted these practices from around 1800 (Foucault, 1973, pp.75-76), whilst in England the marginal grouping of the apothecaries adopted examining as a practice around 1815. The Royal Colleges of Surgeons and Physicians followed by the 1830s. The neighbouring field of dentistry tried to gain government sanction by following the same model but took two more decades before it succeeded (Hoskin, 1986). In the latter part of the nineteenth century examinations had also been imposed, via the Local Examination system, on middle-class schools, and via the payment by results system on elementary schools as well (MacLeod, 1982).

Within Britain and America each occupation had to mount its own movement for recognition and protection, resulting in loyalties and identities being attached to the individual occupation and its institutions (Freidson, 1986, p.33). This contrasted with continental Europe where state interventions were much higher, although as Konrád and Szelényi (1979) note, the structure varied according to whether the political economy was capitalist or not. As a result, in Europe importance was attached to the institution of higher study rather than to professional qualifications (Ben-David, 1977; Gella, 1976; Reuschemeyer, 1973; Ringer, 1979).

The process of professionalisation expanded rapidly with an increasing number of bodies adopting the disciplinary tactic. The existence of a relevant academic discipline was proved unnecessary, with, for example, groups in America including plumbers and funeral directors adopting the examining and licensing model (Bledstein, 1976). This is important in the context of this study for disciplinary practices are available equally to whichever group chooses to adopt them, providing the necessary means to the end through the development of specialist knowledge, the credentialling system and the right to licence those proved competent (Hoskin and Stafford, 1998). However, although the process gives every occupational group the opportunity to become a profession, not all will be successful (Wilensky, 1964). Success is viewed as being the achievement of community sanction, with its conferring of powers and privileges (Greenwood, 1957, p.13), although how this sanction is achieved is the subject of much theorising (West, 1996). Indeed, not all groups who considered themselves professions have survived, and Abbott (1988, p.29) notes railroad professions and psychological mediums as examples of ‘professional deaths’.

To summarise, the nineteenth century saw a shift from an old relatively static world of a few professions to an open-ended and constantly changing ecosystem, where any occupational group could appropriate the necessary disciplinary practices to gain professional status.

2.5 Accounting as knowledge discipline and profession

In Section 2.2 above I traced a history in relation to the development of education and the birth of the professional. I now propose to trace a similar history for accounting as discipline and profession.

Accounting itself is an ancient knowledge, predating writing. Archaeological excavation has uncovered evidence that a system of accounting that made use of tokens was widely used throughout western Asia from as long ago as the ninth millennium BC to as recently as the second millennium. This system appears to have been similar to many other early, and not so early, methods of accounting, such as the Roman system of *calculi* with pebbles, the abacus and the British treasury counter system for calculating taxes up to the end of the eighteenth century (Schmandt-Bessarat, 1978, p. 42).

The invention of double entry was a significant technical application of medieval disciplinary practices, and there was arguably an opportunity for accounting, or at least business administration, to develop as an early profession. Whilst accountancy as such did not feature in the faculties of the first universities the role of the *ars dictaminis* or *dictamen*, the art of composing letters and formal documents (including accounts), developed as a specialised offshoot of law and rhetoric and was much in demand as it became indispensable training for clerks in any form of administrative service (Cobban, 1975, pp. 18, 221; Clanchy, 1975, pp.685-686). There is evidence to show that out of *dictamen* a general pedagogic discourse around the field of accountancy gradually developed, extending beyond the universities to independent schools and similar establishments, with book keeping as a skill being widely taught (Richardson, 1941; Hoskin and Macve, 1986, p.116). Once double-entry systems became known and were recorded, most famously in Pacioli's book *Summa de Arithmetica, Geometrica, Proportioni et Proportionalita* of 1494, one can speculate that accounting could have become a greater part of the curricula. However the moment passed and, although book keeping skills continued to be taught, the discourse of accounting had a limited impact on finance and commerce. Whilst there were developments in accounting techniques,

for example, in Wedgwood's system of calculating costs, there was no framework for developing the familiar modern constructs of accountability and profitability (Hoskin and Macve, 1986, p.123). Further technological development in terms of the new disciplinarity of the eighteenth and nineteenth centuries was required before accounting as knowledge and as profession could reconstitute itself.

2.5.1 The new accounting knowledge

There was an epistemological shift in the world of knowledge in the nineteenth century (cf. Foucault, 1970, 1974), from ways of knowing that were dominated by the spatial or 'representational' approach (e.g. in the case of living things, mapping them into genera and species, as in natural history), to a new world view with systematically different ways of knowing that were temporally aware (as in the theory of evolution in biology). Accounting as double entry had existed for a long time as a representational system, but now it arguably gained new power as it became located within a temporally aware frame of reference. Chandler (1977) showed that managerialism emerged in the 1830s and 1840s in the United States, as a response to new economic and technological demands such as interchangeable-part manufacture and the growth of the railroads and the telegraph. He states (p.6):

'In many sectors of the economy the visible hand of management replaced what Adam Smith referred to as the invisible hand of market forces.'

Within Chandler's new 'administrative co-ordination' (1977, p.2), accounting had a significant supporting role. Traditional stewardship accounting functioned in existing economic practices. With the translation of the new disciplinary techniques of writing, examining and grading practices into the new business enterprises, an historically new extension of accounting practice and knowledge occurred.

‘Accounting ...was extended from being an accounting for objects or the best use of objects to a concomitant accounting for human performance, including a new kind of decision making concerned with the best joint use of human and physical assets within a defined organizational structure of accountability.’ (Hoskin and Macve, 2000, p.95)

This translation of disciplinary practices to create organisational accountability entailed a new focus on ‘human accounting’ wherein accounting as knowledge discovered its modern status as a discipline in its own right (cf. Hoskin and Macve, 1993; 1994; 2000). The dissemination of accounting as both a financial reporting and management tool was thus closely linked to the new disciplinary practices in the sense both of enabling a new kind of disciplinarity of worker conduct and elevating the significance of specialist accounting knowledge.

The visibility and importance of accounting as a knowledge field appeared in various countries in a number of ways as part of the explosion of academic disciplines of the era. Zan (1994, p.255) comments that ‘accounting is not a monolithic, internationally shared body of knowledge but has marked national differences’ and this is clearly the case at European level, where the relevance of accounting differs from country to country. For example, it is integrated within Cameralism, the study of administration which developed in the late eighteenth century in Germany and then spread to other countries such as France at the *École Nationale d’Administration*, and was also relevant to the later business economics developments of *Betriebswirtschaftslehre* in Germany and *Economia Aziendale* in Italy. In the United States, the genesis of the modern business enterprise meant a greater emphasis on managerial accounting, the control of costs, and the application of accounting techniques to integrated management (for example, in the form of railroad accounts). This led in turn to secondary disciplinary development in higher education, with the Wharton School of Finance and Economy

being founded in 1881, and a number of other schools, including Dartmouth, Harvard and Columbia, being created around 1900 (Locke, 1984, p.135).

However Napier (1996a, 1996b) shows that in Britain there was no substantive emergence of a body of economic theory relating specifically to the business organisation until after the Second World War, around a century after the first bodies of professional accountants had formed in Scotland.¹⁶ The modern accounting profession in Britain, unlike many of its European counterparts, therefore emerged with considerable distance between itself and the academic world.¹⁷

2.5.2 The emergence of the British accounting profession

A small number of eighteenth century accountants were the forerunners of the Scottish societies, the first to organise in professional form (Brown, 1905; Stewart, 1977). A proposed change in the bankruptcy law which would have permitted lawyers to do work up until then carried out by accountants precipitated the need to organise (Kedslie, 1990a; Macdonald, 1985; Parker, 1986; Walker, 1988). Stewart (1977) concurs with this view when he refers to the competitive pressures faced by Scottish accountants. Walker (1995, p.287) perceives the incentives for Scottish accountants to have been the desire for economic rewards and occupational ascendancy and according to West (1996, pp.84-5):

‘Efforts to identify the incentives that prompted accountants to organise into associations appear to have generated little controversy’.

¹⁶ The pioneer in the neo-classical economics field, Alfred Marshall, Professor of Political Economy at Cambridge from 1884-1908, had the view that business leaders needed to be equipped with analytical tools, but that technical matters were not appropriate subjects for university education (Napier, 1996a).

¹⁷ Although in the case of the Scottish chartered accountants there were early but limited links with universities, firstly with law faculties and later with economics (Kedslie, 1990a; Shackleton, 1995).

Accountants first came together in an organised form in Scotland when, after several unsuccessful attempts, The Society of Accountants in Edinburgh (SAE) was formed in 1853 with a Royal Charter following in 1854 (Brown, 1905; Carr-Saunders and Wilson, 1933). Lee (1996, p.317) comments that it was based on the model of legal practitioners in Edinburgh, where the Faculty of Advocates had formed in 1532 and the Writers to the Signet in 1564. This was followed later the same year by the Institute of Accountants and Actuaries in Glasgow (IAAG) (Royal Charter 1855) and by the Society of Accountants in Aberdeen (SAA), incorporated by charter in 1867. In England the first regional society formed in Liverpool in 1870 (Carr-Saunders and Wilson, 1933, p.210; Willmott, 1986), which, together with four other regional societies petitioned for and gained a charter in 1880 to become the Institute of Chartered Accountants in England and Wales (ICAEW), thus becoming the first national chartered body in Great Britain. The Institute of Chartered Accountants in Ireland (ICAI), incorporated in 1888, completed the geographical jurisdiction of accountancy in Great Britain. However, further bodies continued to be formed, despite this apparent closure. Accountants unable to join the original bodies formed the Society of Accountants and Auditors (later to become the Society of Incorporated Accountants and Auditors - SIAA) in 1885. The process then replicated itself with the forerunners of the ACCA being the London Association of Accountants (LAA), founded in 1904 (ACCA, 1954) and the older but smaller Corporation of Accountants (Corporation), founded in 1891 (Carr-Saunders and Wilson, 1933, pp.212-213). These bodies were initially set up to further the interests of members working in public practice, although some permitted members to work in other suitable positions in industry and commerce. Other bodies were established to promote accountants working in particular functions, most notably the Corporate Treasurers' and Accountants' Institute (later to become the Institute of Municipal

Treasurers and Accountants- IMTA), founded in 1885, and the Institute of Cost and Works Accountants (ICWA), founded in 1919.

Local circumstance, therefore, affected the precise forms of the professional field that developed in accountancy. Robson and Cooper (1990, p380) comment that:

‘It is difficult to understand the existence of the six professional bodies in the UK accountancy profession as somehow a response to the needs of the social.’

They also (1990, p.373) noted that each of the six major professional institutions and the additional technical associations had differing privileges and attitudes to their own independence and activities.

‘The development of accounting practices will be partially bounded by the institutional configuration of the profession in each country. Within the UK, the existence of six professional bodies with claims to accountancy has provided a significant dimension.’ (Robson and Cooper, 1990, p.380).

In other parts of the Anglo-Saxon world, accountants were also organising themselves in a similar way. In the United States, the Institute of Accounts of New York (initially called the Institute of Accountants and Bookkeepers of the City of New York) was formed in April 1882 (McMillan, 1999; Previts and Merino, 1998, p.135). This was largely devoted to providing education for accountants (McMillan, 1999; Previts and Merino, 1998, p.136). The American Association of Public Accountants, which adopted the British model of organisation, followed in 1887 (Previts and Merino, 1998, p.138). This policy of export of the British accounting profession model was repeated throughout the British Empire (Carnegie and Parker, 1999, p.77; Johnson and Caygill, 1971; Briston and Kedslie, 1997; Annisette, 1996, 1999, 2000; Chua and Poullaos,

2002). Johnson (1982, p.198) states that accountancy and a number of other British professions including medicine, architecture and engineering:

‘are unique in creating a world-wide system of examining, recognition and reciprocation, which superseded the local and particularistic criteria of entry which continued to characterise professional qualifications and entry in both the United States and in other European countries.’

Carnegie and Parker (1999) list some nineteen Australian bodies formed between the period 1885 to 1914, most of which were subject to subsequent merger over the succeeding years. In analysing the export and import of professional accountancy within the British Empire Parker (1989, pp.13-14) has identified two different professionalising strategies. Firstly, the *idea* of professional accountancy could be exported, leading to the foundation of a local association, probably based on the British model. Alternatively, the *qualifications* could be exported whereby local accountants joined a British body, sometimes forming a local branch of that body. The limited geographical jurisdictions of the elite chartered bodies meant that only accountants could be exported, and not qualifications. Walker (1988, p.44) showed that between 1855 and 1914 the percentage of members of the Society of Accountants in Edinburgh based abroad rose from 2% to 37%, but the exclusivist rules on admission to membership were not changed, such that it was not possible to become a Scottish chartered accountant outside Britain. The SIAA, with less elite status, adopted a ‘British Empire’ policy (Garrett, 1961, p.14) and was actively interested in exporting a British professional qualification, although in the case of Australia this was frustrated by a majority of members joining local accountancy bodies as well (Carnegie and Parker, 1999, pp.82, 96). The SIAA typically pursued its overseas strategies in the settler colonies of the British Empire – i.e. Australia, Canada, New Zealand and South Africa, but in 1957 it was merged with the three British chartered bodies at which point its overseas activities ceased (Johnson and Caygill,

1971, p.159). The LAA also had colonial members from an early stage, with the 1913 Diary recording approximately one hundred, predominantly from the Colonies, particularly India, South Africa and Malaysia. It developed a more expansionist policy in the 1930s, but not to the same extent as the SIAA. Numbers rose at various key points in the ACCA's history, with competition existing from CIMA and local associations in some areas rather than from the chartered bodies. The imperial/colonial dimension was significant because of the way in which it drove educational practices:

‘By limiting control to examinations these associations neither tied their qualifications to specific educational institutions nor to specific local or national training locations. Equally important was the fact that the state, largely as a result of imperial considerations, excluded local, national and ethnic criteria from its registration acts and ordinances. The system of qualification which emerged, then, not only ensured the exportability of qualifications but had the ‘peculiar’ British consequence of subordinating academic professionals to the authority of practitioner associations ...’ (Johnson, 1982, pp.205-206).

Such an approach based solely on the administration of a credentialling system was very different to that of the Scottish societies, which saw themselves as having an active role to play in the provision of education for their students. They established links with university law departments early on and students were required to attend regular classes as part of their training (Kedslie, 1990a; Walker, 1991; Shackleton, 1995).

In the second half of the twentieth century the ACCA were very successful in exporting its qualification around the world (Briston and Kedslie, 1997), and in working with local associations to offer a credentialling service for professional recognition. This happened widely through the non-settler former colonies, in particular in Africa, Asia and the West Indies. Annisette (1996, 1999, 2000) examines how this happened in the case of the local Institute in Trinidad and Tobago, which uses the credentialling structure of the ACCA to meet its own professional requirements.

In understanding the enduring divisions of the British accountancy profession this imperial dimension is highly relevant, as Johnson (1982, p.208) states:

‘The fragmenting processes at work within accountancy, for example, cannot be understood other than in an imperial context. More important, the relative power and forms of autonomy of the British professions, particularly relating to qualification and training, are only partially understood if we neglect the imperial dimension.’

This continuing lack of integration of British accounting bodies is replicated, unsurprisingly, in other prominent Commonwealth countries. In Australia, Carnegie and Parker (1999, pp.97-98) comment that:

‘In 1998, Australian accountants still have a key membership choice to make between the 29,000-member-strong ICAA (Sydney-based, with a charter from the imperial capital, exclusivist and with an emphasis on ‘public practice’) and the 85,000 strong ASCPA (Melbourne-based, inclusivist, with no strong bias towards public practice and actively seeking members throughout the West Pacific rim). It is estimated that around 5 per cent of ASCPA members are also members of the ICAA. Alternatively, around 15 per cent of ICAA members are also members of the ASCPA, thus suggesting that co-membership is not an insignificant facet of membership structures in the current Australian context.’

A similar position exists in Canada where five accountancy bodies exist, each competing for the prestigious accounting roles. This situation has been analysed by Richardson (1987), who concludes that the different bodies are segmented according to the status of members and their work. As a result of the lack of mechanisms by which the elite accounting bodies (designated ‘chartered’ following the British custom) could enforce their position, competition existed for professional status and access to professional roles. The competition had two effects, as firstly accounting bodies continually escalated their commitment to professional standards and symbolism in order to establish their superiority, and secondly this led to a continuing redefinition as to what was professionalism in the context of accountancy.

2.5.3 The nature of the accounting profession

I discussed earlier the problems in determining the definition of a professional and these same problems extend to defining what an accounting professional is. For the literature demonstrates that there is significant unease over the status of the accounting profession and a confused self-image of the professional accountant, with criticism of accounting practices in relation to the lack of independence of accountants and auditors, the lack of quality of audit work, the weak competition in the provision of accounting and audit services and the organisation of the accountancy profession (Stamp and Marley, 1970; Briston, 1979; Zeff, 1987; Gerboth, 1987; Briloff, 1990; Willmott, 1990; Mitchell *et al.*, 1991; Lee, 1995b).

The nature of professional accounting knowledge has been particularly criticised, with commentators stating that there is no underlying body of reliable accounting knowledge, with inconsistencies and illogicalities rife (see West, 1996, p.83 for examples). One response to this criticism has been to strengthen and emphasise the knowledge base of accounting in an attempt to demonstrate its scientific and neutral orientation (FASB, 1978 and 1980; Macve, 1981; Solomons, 1986; ASB, 1999). For as Robson and Cooper (1990, p.385) note:

‘as crises emerge for the professions, so the impetus to examine and redefine the knowledge base is strengthened.’

Indeed, the relationship between the knowledge base used in practice and that in which the exams are set has become more tenuous, as accountancy practice has entered into new fields of knowledge in areas such as business management and consultancy, whilst the examination syllabus has continued to remain in the traditional areas of law, taxation and other regulations concerning financial reporting and auditing, all required

knowledge in law for the award of a practising certificate. Thus there is a growing tension between the knowledges which inform new practices in accounting and the knowledges on which the examination syllabus is based, despite its constant revision (cf. Robson and Cooper, 1990, p.383).

The professional nature of the occupation of accountancy has also been open to question, with self-interest rather than the service ideal seen as playing a major role in the organisation of the accounting profession in Britain (Willmott, 1985, 1990; Sikka and Willmott, 1995; Puxty *et al.*, 1997). A number of studies exploring the development of accounting in its social and organisational context have pointed to the range of conditions that have led to diversity of accounting development within Britain (cf. Loft, 1986; Hopwood *et al.*, 1979; Miller, 1987; Cooper *et al.*, 1988). This thesis will add to the stories already explored.

2.6 Conclusion

In summary, the concept of disciplinarity is one way of capturing the development of the modern professions, including the British accounting profession. The linking of a body of expert knowledge together with the requirement for examination and a licence for practise, as it emerged in the medieval university, has become a typical way for a modern association to achieve professional standing. Disciplinary practices exist both at and as the core of the development.

At organisational level, this is in terms of the disciplinary structures of examinations, syllabus/knowledge requirements, barriers to admissions, charters etc. The social context within which these practices are implemented shapes the choices that each body makes. The result is not a stable network of associations arrayed along a status

continuum, but a set of bodies which have developed in parallel, each with competing claims equal in terms of state recognition (Richardson, 1987, p.611). This ensures continuing competition between bodies in terms of recruiting new members, ring-fencing work opportunities and achieving prestige.

For individuals seeking entry, the pedagogic practices of writing, examining and grading give rise to competition, if not between each other in terms of marks, then in terms of obtaining the examination pass. This is encompassed within a whole discourse surrounding the discipline of the self in terms of professional behaviour (Anderson-Gough, 2002). On admission to membership, individuals then receive the positive benefits of disciplinary practice as they are identified as experts within their professional knowledge field.

I reflect further on the relevance of disciplinarity, with its conflation of professional knowledge and professional power, to studies of professionalisation in Chapter Three. I also explore the importance of the disciplinary self. The significance of these themes to my present study of the development of professional identity in certified accountants is also discussed.

Chapter Three - Research Methodology and Methods

3.1 Introduction

Chapter One introduced the theoretical problem that this thesis addresses as being one involving the study of accounting professionalisation, in particular the continuing anomaly of the ACCA existing alongside other bodies in the same jurisdictional and knowledge space. This problem is further refined as a question in relation to professional identity; whilst certified and chartered accountants occupy the same space in Britain, their different educational and training experiences have given them a different identity. In order to explore this further the thesis tackles the issue from a disciplinary perspective, based on a wide interpretation of Foucauldian and post-Foucauldian approaches that highlight the importance of the disciplinary. This includes consideration of the productive and enabling characteristics of disciplinary power as well as its constraining nature (Foucault, 1977, 1985, 1986, 1997b, 1997c; Hoskin, 1986, 1993; Hoskin and Macve, 1986, forthcoming; McNay, 1994; Starkey and McKinlay, 1998).

Much of the professionalisation literature is based within a sociological framework rather than one using disciplinarity. This chapter will discuss in detail why I have chosen to use this alternative model and methodological considerations that have been made in so doing. I begin with an overview of this literature, before considering in more detail how it can be adopted and adapted to the study of the accounting profession envisaged here.

3.2 Studying professionalisation

Early approaches to the study of the professions were functional studies such as Carr-Saunders and Wilson (1933), which gave details of the characteristics of modern professions, within a summary of all the then extant contenders to profession, being followed by later works of the same descriptive genre (e.g. Reader, 1966). However as Hanlon (1996, p.346) comments, such an approach is untenable:

‘Functionalists portray professions as homogeneous communities unambiguously sharing the same values, interests, world views and so forth. This, however, is not the reality. There are always a number of different segments within a profession... Accountancy has such segments e.g. the major firms versus the small firms, the industry based accountants versus those in practice, the ‘commercialists’ versus the ‘professionals’ etc.’

Functional studies were followed by trait theory (Millerson, 1964; Wilensky, 1964), which looked at the set of relationships between a particular occupation and notions of public service. Trait theory recognised the political concerns of the earlier works and so Millerson (1964) embodies a more general analysis, with only very general traits of professionalism being identified (e.g. organisation, education, ethics), with wide variation between them. Wilensky (1964) studied the sequence of professionalisation, viewing professions as the end state, achieved through a series of processes. These functionalist theorists placed emphasis on professional ethics, and gave a positivist bias to the importance of professions in terms of their beneficial role in modern society.

In contemporary sociology, trait theory is considered to be an inadequate understanding of the emergence and functioning of professionals (Johnson, 1972; Abbott, 1988), including accountancy (Robson and Cooper, 1990). However it expresses many aspects of a prevailing discourse concerning professions (Anderson-Gough *et al.*, 1998, p.8), i.e. a self-reinforcing discourse projecting how the professions, particularly accountancy,

wish to be viewed by others in terms of service ideal, professional conduct, independence, etc. Such discourse is now under dispute, for example Puxty *et al.* (1997) and Sikka and Willmott (1995) have challenged the accountancy profession's public service ideal versus commercial gain.

Approaches from the sociology of the professions literature clearly seek to differentiate their positions from that of the 'traditional' view of the professionalisation process by considering the control and power that professions imposed on their subjects. This was exemplified by Johnson (1972), with his argument that the professions were imposing their needs and type of service on the consumer. Other studies included Freidson (1970) on American medicine, claiming that dominance and autonomy, not collegiality and trust, are the hallmarks of professionalism, and Berlant (1975), attributing the structures of professionalism to the goals of economic monopoly.

Larson (1977) and Johnson (1972), in their theorisation of professionalism as powerful, analysed the extent to which previous work was ideological and therefore flawed.¹⁸ Since then the Neo-Weberian model of social closure, as advocated by Larson, has been particularly dominant in studies of accountancy (cf. Willmott, 1986; Walker, 1991). The argument that professions are groups of individuals who come together to further their collective interests, and so seek to exclude others who desire the same privileges is one that particularly fits the formation of accountancy in the UK. This stance has been well argued by Macdonald (1995), who, as part of the policy of social closure, stresses the importance of credentialling, that is, the requirement for prospective entrants to membership to pass examinations and prove themselves through qualification (Saks,

1983). However, the continuing construction and expansion of markets for the services of professional accountants in contemporary society threatens to undermine this process of closure (Sikka and Willmott, 1995; Robson *et al.*, 1994).

In addition Abbott (1988, p.6) argues that Larson's work is still incomplete as it takes as standard the American model of the professions as market dominated organisations. This model does not hold for the continental professions, where there has never been a divorce between state and profession. Neither does it hold for accountancy in the UK, with its cluster of different functional and status bodies, which is quite unlike the streamlined American model with its state-based licensing authority for public practice. And a homogeneous model of the profession is too simplistic, as control is only possible if all those with a claim to expertise are included, which means that marginal, less elite practitioners must come into the fold as well (Macdonald and Ritzer, 1988, pp.257-8).

More recently, Chua and Poullaos (1993) have argued that the focus on closure and monopoly within the accounting profession is misplaced, and that by suggesting closure and monopoly to be non-equivalent a more multi-faceted version of the concept can be portrayed. They demonstrate through the Australian case that a professional association may exclude some existing members and include some new members in order to obtain state privileges. More relevant to this thesis is their statement that a professional body, while maintaining monopolistic control over work practices, may relinquish control of its examination process to an external party (Chua and Poullaos, 1994). As Annisette (1999, p.105) comments, this is evident for many of Britain's former non-settler

¹⁸ Functionalist and trait approaches did not consider how the process of professionalisation takes place, nor how a profession maintains its position in changing social and organisational contexts.

colonies, where the ACCA (and also CIMA) have established formal links with national accounting bodies.

Abbott's theoretical interpretation (1988) moves away from the general class-based approach by arguing that professions exist within an interacting system, and therefore there is space for more than one category of profession. This gives scope for a much bigger framework within which to analyse different professions, and different variants of the same profession, such as accountancy. He challenges five basic assumptions put forward in previous concepts of professionalisation.¹⁹ On that basis he argues that we need to take a historical rather than a sociological approach (cf. p18-19). Such an approach builds on the work of Freidson (1983) and shows that for professions the relationship between professional structure and the work that professionals, as members of that institutional framework, carry out is key. This link he calls jurisdiction, and he argues that the interplay of these jurisdictions determines how individual professions develop.

In particular, he focuses on groups with common work rather than on organisational structures. A major claim is regarding the fixed nature of professional jurisdiction, in particular that whichever group can first establish the right to jurisdiction gains an unassailable position. His initial assumption is that jurisdictions give rise to more-or-less exclusive claims, where movements by one profession will always affect another's

¹⁹ These are as follows: (a) Change is unidirectional – professions evolve towards a given form, structurally and culturally; (b) Evolution of individual professions does not explicitly depend on that of others; professionalisation can be treated case by case; (c) The social structure and cultural claims are more important than the work professions do; (d) Professions are homogeneous units; what internal differentiation they possess reflects contingencies of the 'professionalisation project'; and (e) Professionalisation as a process does not change with time; although a description of history, it lacks a history of its own. (p17).

jurisdiction.²⁰ This may be the case for a number of professions, but the boundaries between jurisdictions are by no means as clear cut as such an assumption implies.²¹ His starting point is that knowledge is the key to boundary definition and so knowledge boundaries are fixed as structures which can be used in jurisdictional disputes. But this is to limit theorising to a structural approach, whereas, as will be discussed later, knowledge boundaries are characterised by fuzziness, with blurring a commonplace feature (Klein, 1993), and therefore cannot be used as a construct in this way.

Knowledge itself is problematic and can instead be seen as a paradox in this context, both closing in and becoming more specialist whilst at the same time it is evolving and spreading (Klein, 1993, p.206). As knowledge itself is not fixed and stable, the theorising of knowledge in a structural sense also becomes problematic. Growth and abstraction of knowledge within professions is discussed by Abbott (pp.178-179) but not in the context of boundary definition, and knowledge is defined in a structural, not a fuzzy, sense (p.53).

In Abbott's system, knowledge boundaries create tensions for professions, as on the one hand knowledge boundaries are important in determining the fixed content of what knowledge a profession has power over, yet on the other hand professions are always seeking to expand their jurisdictions into new arenas (Dezalay, 1995). In analysing this process, Abbott's system focuses on the significance of jurisdictional disputes. This makes sense since the definitional and expansionist dilemmas faced by neighbouring professions means that there will constantly be pressure at the boundaries of a given

²⁰ In a later work (1995), Abbott acknowledges some of the shortcomings of his 1988 work in that he recognises that there are limitations to a model of professions existing in a spatial structure which could then be mapped in terms of jurisdiction.

jurisdiction, with jurisdictional disputes being common. However, Abbott claims that they will always lead to 'settlement', although this can take a number of different forms other than full and final jurisdiction, with each alternative having the potential to serve as a transition to another form.²² Thus the case of continuing boundary dispute, or an acceptance of a status quo, would, he argues, be followed by a division into 'functionally interdependent but structurally equal parts' (p.73).

The case of the British accounting profession, he argues, is the outcome of client differentiation leading to division of labour in a formal sense. He identifies the separate functional groups of municipal and cost accountants, as well as the differential status of the various bodies (p.78). He also refers to the sense of 'general identification and common knowledge' within the profession as a whole. I suggest that the case of the British accountancy profession is characterised by more complexity than Abbott recognises. As well as more than one formal body of professionals occupying the same jurisdictional space as in the case of ICAEW, ICAS and the ACCA, members of these bodies have also occupied positions within the functional spaces of municipal and cost accountants as well.²³

In order to further examine the problems of knowledge and professional structures and boundaries, an approach based on disciplinarity will be introduced below, which will examine the professionalisation process from a wider perspective. However, first I

²¹ For example, the law, with the distinction between barristers and solicitors, and medicine, with the role of doctors and surgeons. However, these professions are now undergoing change and seeing their jurisdiction challenged, as nurses, for example, take on many of the tasks of the doctor.

²² Settlement will, he claims, occur in one of six ways (pp.69-79): (a) Full and final jurisdiction; (b) Subordination or division of labour; (c) A split into two interdependent parts; (d) Sharing of an area; (e) Advisory control; (f) By taking the nature of a client. Such settlements may not be to the equal and mutual satisfaction of all parties, but they are 'resolutions' nevertheless.

²³ And also the accounting profession in other countries, for example, Canada (Richardson, 1987) and Australia.

briefly wish to consider approaches to accounting history, in order to show how the method that I adopt for the historical study of this thesis is situated within accounting historiography.

3.3 Accounting histories

Accounting history as a field has grown extensively over the past twenty years, as have the number of classifications associated with it.²⁴ To some extent, there is a dichotomy between ‘traditional’ - the economic-rationalist view’ - and ‘new’ or ‘critical’- the rendering of the familiar as unfamiliar through a focus on the hidden, unarticulated aspects of the accounting discipline (Merino and Mayper, 1993, pp.238-9). However, this is to oversimplify the position. Whilst there is keen debate between traditional and new historians, many of the differences are more of degree than kind (Funnell, 1996; Carnegie and Napier, 1996, p.8). Many of the techniques and practices employed by both traditional and new researchers will be the same, for example the close use of the archive, following which the evidence extracted is then subjected to a particular analysis dependent upon the research paradigm.

Use of the narrative is also of fundamental importance in the writing of both traditional and new accounting historians (Funnell, 1998, p.143). For traditional historians the use of the narrative has been accepted and unavoidable, particularly for the writing of biographies and institutional histories. The narrative is also used widely in the writing of new accounting histories, as ‘a convenient and powerful means’ of promoting their alternative viewpoints (Funnell, 1998, p.153). Here there is an awareness that narrative

²⁴ Oldroyd (1999, pp.85-86) presents a table of the chronological categorization of accounting history, which lists an extensive range of accounting historiographical paradigms used in current accounting

promotes a particular epistemological form rather than remaining as a neutral document, and that it therefore privileges some interpretations.²⁵

This thesis approaches history from the perspective of the ‘new accounting history’ (Miller *et al.*, 1991) that has become an accepted and widely disseminated feature of the accounting history literature. It is characterised by:

‘a proliferation of methodologies, a questioning of received notions such as progress and evolution, a widening of scope, a new attentiveness to the language and rationales that give significance to accounting practices, and a shift of focus away from invariant characters such as the book-keeper and the decision-maker towards a concern with broader transformations in accounting knowledge.’ (Miller *et al.*, 1991, p.395)

Of particular emphasis is that ‘accounting is to be understood in the context in which it operates, as a phenomenon local in both space and time’ (Carnegie and Napier, 1996, p.7). Such an approach was adopted by Walker (1995) in his contextual analysis of the beginnings of the Society of Accountants in Edinburgh and by Loft (1986, 1988, 1990) in her classic study on the emergence of cost accounting in the UK. Funnell (1998, p.155) comments on Loft’s 1986 paper as follows:

‘Her account has the key ingredients of a history narrative: the telling of a story; an implicit belief that the facts used contribute to a true history and the use of a linear chronological time frame, beginning with the First World War. The discussion also aims to create cohesion between seemingly disparate events to show that they were causally related, most notably that the needs of war called forth major changes to both cost accounting practices and the accounting profession in the UK. Binding the historical facts which pepper the paper are Loft’s interpretations and conclusions as informed by Foucault. As a good example of new accounting history, Loft’s paper combines the historical rigour and respect for the established facts of traditional history with critical analysis which is prepared to confront some of the shibboleths of traditional accounting history.’

history studies, encompassing traditional, interpretive, narrative, critical, new, revisionist, postmodernist, Marxist, Foucauldian, etc.

²⁵ An example of this problem can be seen in the dispute between Tyson (1990, 1993, 2000) and Hoskin and Macve (1988, 1994, 2000), where narrative privileges one set of explanations against the other, each claiming to be the ‘truth’ (Funnell, 1998, p.152).

This paper encapsulated a number of features of the new accounting history – the making visible of certain influences and structures that help to explain the present, a concern with the emergence of outcomes and events, and a focus on the points of change. My work attempts to follow Loft in the application of these features.

The pluralisation of methodologies and the interdisciplinary nature of the new accounting history mean that many different theoretical and philosophical frameworks have been adopted by new accounting historians. Stewart (1992) notes that Foucauldian approaches are attractive to some new accounting historians. The posing of my research questions in Chapter One as being of a specifically disciplinary nature meant that I was already engaged in a process that continued through Chapter Two, indicating and developing a theoretical stance that would have certain methodological consequences. For by identifying my research questions as being disciplinary in character I was positioning my work within a ‘disciplinarity’ framework, developed out of Foucauldian and post-Foucauldian work. In so doing, I also recognise that the theme of ‘disciplinarity’ and ‘disciplinary power’ is only one theme amongst many in the vast corpus of works by Foucault. Kendall and Wickham (1999) identify history, archaeology, genealogy and discourse as possible approaches in their guide to using Foucault’s methods, which illustrates the complexity and lack of a single standardisable approach available to those who wish to apply Foucauldian concepts to their work.

3.4 A disciplinary approach

Using ‘discipline’ rather than ‘profession’ as a starting point for analysis introduces a new dimension. As Freidson (1986, p.6) says:

‘Discipline has a double meaning; it is both a segment of formal knowledge and the consequence of its application to the affairs of others.’

Hoskin (1990, p.30) briefly states the etymological beginnings from the Latin *disciplina*, which from the start had its double meaning, referring both to knowledges (the ancient knowledge arts) and to power (such as military discipline). He emphasises the ancient and complex nature of these double meanings, in which ‘knowledge’ and ‘power’ operate from the outset, by tracing discipline’s root in education. The word is derived from *discipulina*, meaning to get ‘learning’ (*disci*) into a child (*pu* from *puer/puella*) – and the duality can be seen as embedded in the disciplinary ‘creed’ for a presentation of knowledge to the learner alongside the need to require the learner to stay present before or involved with the knowledge. Disciplinarity is thus a process of becoming more expert or knowledgeable but only through undergoing the rigours of appropriate training. By taking disciplinarity, and its origins in the world of education, it is possible to show how an analysis from the perspective of the double meaning of the disciplinary can move closer to making sense of the professionalisation problem, since expertise together with rigorous training and performance monitoring are the two poles around which the professionalisation process revolves.

Clearly the conceptual visibility of the term ‘discipline’ has increased significantly over the past generation following the publication of Michel Foucault’s *Discipline and Punish* (1977) and the subsequent interest in researching the significance of forms of disciplinary power stressing the roles of hierarchical surveillance and normalising judgement. On that basis much effort has been devoted to investigating the modern significance of what has variously been called ‘power-knowledge’ or ‘power-knowledge relations’. That work has a significant influence on the approach developed

here and the methodological significance of the work of Foucault to this study is addressed further below. However, I wish at this point to focus on the way in which discipline has operated and still operates as a knowledge term, rather than a power one, since the constitution of a professional identity is so centrally dependent on the acquisition of relevant knowledge disciplines, via the discipline of training.

Formal knowledge indicates knowledge that is restricted to those who have become experts in that particular discipline (Freidson, 1986). But as indicated above, there are problems in trying to locate knowledge as a static entity with fixed boundaries. Indeed, as Armstrong and Jones (1992, p.72) remark:

‘It is a matter of straightforward observation that the knowledge bases of professions- including the accounting professions- change over time. The sociological literature either ignores this issue – because it ignores the content of professional knowledges altogether- or it assumes that knowledge evolves in step with the requirements of professional practice.’

Here a view based on disciplinarity can help. Rather than viewing professional knowledge as existing in its own created space, it can instead be viewed as a colonisation of a wider field of academic disciplines, which have existed since well before the onset of the modern professionalising process in the mid-nineteenth century. Modern knowledge has always been divided into areas of different academic disciplines and this is taken for granted in our modern knowledge-based society. The way in which knowledge is organised into disciplines appears very natural to us, as we are accustomed to dealing with knowledge in terms of the discipline within which it falls – sociology, economics, physics, etc., and it does not automatically occur to us to organise or divide knowledge in any way other than the disciplinary (Messer-Davidow *et al.*, 1993). As a result, this generally passive acceptance of the status quo means that a discipline carries power over the knowledge that it controls, and the act of placing

knowledge within a particular discipline gains in importance. The power of disciplinarity can be illustrated by considering how it *distorts* the nature of knowledge: when recording disciplinary knowledge, the fact that it is *in* the same world that it is *about* is suppressed (Fuller, 1993). Thus through the siting of knowledge in disciplines, a circle of the self-reinforcing importance of the knowledge to the discipline is established.

As well as being crucial to the functioning of academic areas of knowledge, disciplinarity is also of importance to professions in terms of the power and influence that expert knowledge in a discipline carries. For a profession to be successful, it must ensure that it manages and organises the relevant knowledge in its discipline, such that it gains control over the access to that knowledge, and is able to deny it to others. Here the role of examinations in constituting a field as a discipline and in then defining the boundaries of that discipline is clearly significant: examinations both constitute knowledge as a field and constitute those who are examined as subjects in that field. Individual professionals are thus made doubly disciplinary as they are both graded in terms of their expertise or ignorance, and thus rendered calculable, but at the same time made into the image of the expert through the knowledge that they have acquired. The role of examinations and grading in constituting modern disciplines, and then in enabling professions to become fields of expert knowledge with monopoly power over entry and practice, is an important feature in the rise of modern disciplinarity, and of its tensions (cf. Hoskin, 1986, 1993).²⁶ For one consequence of producing new sets of

²⁶ The examination is of course a term very important to Foucault in *Discipline and Punish* and indeed forms important links between power and knowledge there (Hoskin, 1990). Foucault specifically argues that 'The examination combines the techniques of an observing hierarchy and those of a normalising judgement. It is a normalizing gaze, a surveillance that makes it possible to qualify, to classify and to punish. It establishes over individuals a visibility through which one differentiates them and judges them.' (1977, p.184).

credentialled, knowledgeable disciplinary experts is the production of new levels of expert research, which can then disseminate *across* disciplinary boundaries.

Disciplinary networks in an advanced knowledge-based society are open networks, and it is thus difficult to prevent access, at least to work from those who play the 'access' game successfully by the rules (e.g. succeeding in exams, getting a 'good' relevant qualification, producing working papers, dissertations, etc.). This is due to the fact that the expansion of knowledge in such a society is not so much into new domains, as into the overlapping, redefining and splitting of existing disciplines. For example, the separate academic discipline of accounting has arguably come from a splitting off from economics, although this might not be acknowledged by economists (Napier, 1996a). Further overlapping and redefining is now taking place in terms of the knowledge area loosely designated as finance. The new and contested expansion of knowledge, with ill-defined disciplinary locations, has major implications for the professional experts, who depend on retaining control over the knowledge allocated to their discipline to ensure their livelihood. Disciplinarity therefore impacts on professions in several ways; namely, how they create their identity through the appropriation of suitable disciplinary knowledge; how the success of the profession can be determined through ring-fencing the relevant knowledge; and how a fragmented profession responds to the changing knowledge forms through constant changes of identity.

In addition the growth of knowledge means that disciplines have become divided into specialist sub-disciplines, as no one individual is able to master the whole. The consequences are that the expertise of individuals does not remain located in one area of knowledge, as previously, but that instead expertise is located across a range of sub-

disciplines which will in turn cut across the big academic disciplinary boundaries. By viewing expert knowledge in this way one can remain outside the confines of a jurisdictional approach.

The other part of the double meaning of discipline arises because, as the work of Michel Foucault (1977) showed, by using discipline to restrict the acquisition of knowledge by individuals, disciplinary practices ensure that behaviour can be controlled, particularly through the micro-technologies of surveillance, judgement and examination. In addition to his observations on these as a means of disciplinary power, Foucault refers to Bentham's Panopticon and its all seeing gaze as the perfect machine for hierarchical surveillance, where the individual is subjected to the possibility of the gaze at all times. The eighteenth century also saw the inception of normalising judgement, as individuals were subjected to training and teaching where numerical evaluations were made on their performance, and as calculated or calculable norms were established by which they could be measured and thereby rewarded or punished. Such disciplinary practices lead to the internalisation of the disciplinary process for the individual: populations become useful and predictable through the individual's own actions (cf. Lyotard, 1986).

This connection between the knowledge disciplines and the exercising of power over others to produce 'docile' bodies has proved to be an effective device for studies in many contemporary fields, including accountancy and management (e.g. Collinson, 1992; Armstrong, 1994; Arrington, 1997; Jacques, 1996; McKinlay and Starkey, 1998 (eds)). Miller (1987, p.196) reminds us however that not all individuals would conform in the sense of being 'docile' bodies and that we should not mistake a disciplinary society for a disciplined society (his emphasis).

In addition, although few have considered this, this knowledge/power relationship can also provide an analysis of professionalisation, particularly if it is taken back to its roots within the medieval university system (Hoskin, 1993). So the disciplinary approach can be taken further than Foucault's initial writings on the eighteenth century and can be used to investigate the development of professional identity from an earlier starting point. Rather than considering a profession or a system of professions *per se*, it is possible to study disciplines and their associated knowledges and practices first, and then relate professions to them.

Hoskin (1993) suggests that it is only possible to understand the role and growth of disciplinarity through understanding the development of education and its subsequent power. Of particular relevance to this thesis are what he calls the 'outcomes of simple and humble changes in education – to be precise, at the level of educational *practice*' which took place in the late eighteenth century (1993, p.272). These practices were threefold: (1) constant, rigorous examination; (2) numerical grading of the results of this examination; (3) an insistent process of writing by students, about students, and organisationally around students. These practices transformed the way in which students learned at a deep level, in that as they knew that they would be examined and graded on what and how they wrote, they changed the way in which they learnt accordingly so that they would score the best marks possible. In terms of disciplinary power then, a constant surveillance and a calculating judgement was imposed on each examined performance, and by extension, on the individual self. Competition is introduced, not just against others as had been the case with ordinal sets of ranking, but in terms of self-worth against an objective scale. It was now possible to score 10 out of 10 and so achieve perfection, but also possible to score zero, absolute failure. This notion of disciplinary power has frequently been viewed in a negative sense, whereby the

individual is constituted as a 'docile body' (for some recent examples see McKinlay and Starkey, 1998 (eds); Welland, 2001) and this view of the Foucauldian account has even entered the accounting methodology (Jönsson and Mackintosh, 1997).

As Anderson-Gough (2002, p.111) notes, a number of authors (feminists and labour process theorists amongst others) have a perception of Foucault as an author who portrays a world of domination and hopelessness (Knights, 1990; Neimark, 1990). But Foucault's work on the disciplinary can be read in another way, particularly if his later work on the care of the self is incorporated into the analysis.

3.4.1 Disciplinary and the professional self

At the end of the section on the examination in *Discipline and Punish* are these words:

'We must cease once and for all to describe the effects of power in negative terms: it 'excludes', it 'represses', it 'censors', it 'abstracts', it 'masks', it 'conceals'. In fact, power produces; it produces reality; it produces domains of objects and rituals of truth. The individual and the knowledge that may be gained of him belong to this production.'
(Foucault, 1977, p.194)

A careful reading of Foucault's works will reveal that this positive side of disciplinary power runs throughout, not being confined merely to his later work, and in recent years this aspect of his thought has gained more prominence and respect in the academic community (Messer-Davidow *et al.*, 1993; McNay, 1994; Townley, 1998). This positive and productive notion of power is of particular help in this analysis of professionalism, as it shows not only how experts are produced and gain their power, but also how individuals create their own 'self' through the choices that they make as a result of the disciplinary practices being imposed on them. Foucault alludes to this process of both 'objectification' and 'subjectification' when writing about the regime of the prison at Mettray:

‘The modelling of the body produces a knowledge of the individual, the apprenticeship of the techniques induces modes of behaviour and the acquisition of skills is inextricably linked with the establishment of power-relations; strong, skilled agricultural workers are produced; in this very work, provided it is technically supervised, submissive subjects are produced and a dependable body of knowledge built up about them. This disciplinary technique exercised upon the body had a double effect: a ‘soul’ to be known and a subjection to be maintained’. (Foucault, 1977, pp.294-5)

The secondary practices of writing, grading and examination, therefore, although they constrain the individual to behave in a certain way, also provide the means for positive transformation. Particularly in the pedagogic relation there is scope for this doubly disciplinary process. Whilst repressive submission is part of the process, the individual through learning becomes the reflective and reflexive subject (Anderson-Gough, 2002, p.113). When the subject is viewed as agent, then all sorts of choices become possible as to how the individual chooses to behave, the decisions that are to be made and so on.

Foucault’s work on the technologies of caring for the self identifies ‘practices’, which because they are culturally specific and change throughout history, enable us to view the ‘self’ as a changing construct also produced through ‘self-care’. In his later work (1985, 1986, 1997a, 1997b) on the care of the self he looks at the notion of how self-knowledge has been characterised. In modern times this has become divorced from the practice of self-care, in the sense that it was understood in particular by the Greeks and then by the Christians. For the Greeks, care of the self was one of the main rules for social and personal conduct, which was then brought into interaction with wider society. It was practised through such routines as looking after the body in terms of exercise (training at the gymnasium) and diet, and following particular regimens in relation to the discipline of good habits, which involved activities such as sexual abstinence, physical privation and other rites of purification, as well as the mentally, rather than

physically, strenuous task of writing daily diaries of self analysis. These practices were thus concerned with action, for, as a consequence of carrying them out, conduct and behaviour could be changed.

Thus knowing oneself appeared as a consequence of care of the self, for example in the private, but non-verbal, self-examination, although this became inverted in later times to the care of the self being a result of knowing oneself, and ultimately the link between the two ideas was lost in modern Western civilisation. The Christian monastic principles developed in the fourth and fifth centuries of the late Roman Empire also had the obligation to know oneself as one of its central elements, with the transformation of the self a requirement for salvation – in order to gain salvation an individual had to purify the soul, the self within. Foucault identifies two key practices that lead to this disclosure of the self, firstly *exomologesis* – the public recognition of faith and the declaration (in an active rather than a verbal sense) of penitence. As the penitent dressed differently (for example in sackcloth) and followed particular rules (e.g. in diet and behaviour) this was very much an outward, active, verging on the dramatic, form of behaviour. The second practice was that of *exagoreusis* – the self-examination in relation to hidden thoughts, the Christian hermeneutics of the self, leading to self-renunciation in the verbal form of the confession. This grew out of the monastic tradition of obedience and contemplation, ‘a sacrifice of the self, of the subject’s own will. This is the new technology of the self.’ (Foucault, 1997b, p.246). It is much more concerned with thought rather than action, in particular, the continual turning of one’s thoughts towards God and the scrutiny of the actual course of this thought. Such a practice is therefore internal and self-critical. From it grew disciplinary practices in the medieval monasteries such as the critical self-reading or *inquisitio* as described by Abelard, and

referred to in Chapter Two, as well as the infamous Inquisition, with its clear disciplinary themes of self-renunciation and repression, but also of purification of the self if heresy was admitted. Inquisitorial prisons were as much reformatories in their way as nineteenth century secular prisons.

In Christianity spirituality, the correlation between the disclosure of the self, either dramatic as in *exomologesis* or verbal as in *exagoreusis*, and self-renunciation is key to the central truth of striving after salvation. Out of the two, it is the technique of verbalisation of the self that has been reconstituted in modern times. The confession, now without its link to salvation in a spiritual sense, can be identified in a huge range of practices as diverse as consultations, autobiographical narratives and interrogations (Townley, 1996, p.575). Such a technique can then be used to constitute a positive self (Foucault, 1997b).²⁷ The way in which the experience (understood as the conjunction of a domain of knowledge, a system of rules and a model of relations to the self) of how the individual appears and acts as ‘knowing subject’ can be analysed by studying discursive and non-discursive practices (Foucault, 1997a, p.201, p.204). This is then of relevance in exploring the changing identity of the individual as certified accountant.

3.4.2 Disciplinary and Boundaries

A disciplinary approach enables us to look at the boundaries of professional knowledge in a new way, not constrained by the division of knowledge into different fixed categories. For as I said above, modern knowledge is divided into disciplines which have fuzzy boundaries that are subject to blurring and cracking (Klein, 1993) as knowledge from other disciplines permeates through. Such fuzziness and permeation is

not a new phenomenon, but it has become much more pronounced with the rise in interdisciplinarity. For it is fair to say that knowledge, even disciplinary knowledge, is no longer produced and disseminated in the old closed-ended institutional settings. Increasingly it gets produced in the context of its application, with transdisciplinary features meaning that knowledge is transient and dispersed, highly contextualised, with continuous linking and relinking in specific clusterings and configurations (Gibbons *et al.*, 1994). Being disciplinary has always tended towards being transdisciplinary as the deconstruction of boundaries by the practice of knowledge production is an inevitability given from the outset (Hoskin and Stafford, 1998). There is much to echo the argument of Thrift (1997, p.78), who contends that today's theory of human action is 'historically specific, non-fragmented, [and] contextual'.

This raises, to a new level of concern, or visibility, the problem of the boundary, and indeed of 'boundary-work' (Klein, 1993). Disciplinary networks in an advanced knowledge-based society are open networks, where the expansion of knowledge is not so much into new domains, as into the overlapping, redefining and splitting of existing disciplines. This new and contested expansion of knowledge, with ill-defined disciplinary locations, has major implications for the professional experts, who depend on retaining control over the knowledge allocated to their discipline to ensure their livelihood. Professions, as disciplinary constructs, increasingly find the issue of the boundary coming to haunt their discourse, in terms, for instance, of how they create their identity through the appropriation of suitable knowledge; how the success of the profession can be determined through ring-fencing the relevant knowledge; and how the

²⁷ Indeed Foucault's first work on *The History of Sexuality* (1981) argued that Freudian therapy was essentially a re-working of confessional technology, used now to go below the level of intention to the subconscious.

profession may need to respond to the increasing speed of change in relevant knowledge forms through remaking itself at the level of identity.

Here a boundary-work approach, as defined by Klein (1993), may prove particularly useful in considering the construction and maintenance of professional boundaries, within a given nameable area, such as accounting, as well as between areas differently named. Some such work may continue to consider how self-interests are protected through perpetuating a professionalised mystique protected by the boundary, some may consider the pragmatic and political aspects of the boundary, as in the kind of jurisdictional dispute work prosecuted so effectively by Abbott. But there is also a case for a more evolved kind of analysis, following from the disciplinary framework developed here. The integral and original importance of the boundary has led, as Abbott (1988) recognises, to jurisdictional battles and attempts to ring-fence the boundary. What the approach through disciplinarity may indicate in addition is how jurisdictional, or boundary, disputes are one precipitate of a more complex interplay of possibilities, produced by the central dependence on the modern disciplinary practices of writing, examining and grading. For what takes place, under new professionalisation, is a double tendency. The old disciplinary dynamic, to produce knowledge areas as bounded and closed, and as such suitable for examination, continues to have its effects, passed down from the old professions to the new world. But at the same time, the dynamic of becoming a professional, or a knowledge practitioner, who has internalised the new mode of disciplinary practices, is constantly to produce new knowledge, to redefine the boundaries of proper study and of accepted truth. Thus there is a contrary motion, wherein writing, examining and grading constitute a world which appears to divide knowledge into clearly defined knowledge domains, but which at the same time produces knowledge which constantly threatens and transgresses those boundaries

(Hoskin and Stafford, 1998). This double dynamic is the crux to understanding the interplay between professionalisation and powerful knowledge, and to understanding what is happening within a particular professional and knowledge field such as accounting. In terms of identity, then, relevant professional credentials are sought after by the individual, as their acquisition carries with it the power of expert knowledge. The disciplinary process continues in the requirement for individuals working in restricted fields to undertake continuing professional development (i.e. keep up-to-date with knowledge changes).

One of the consequences of the widespread use of Foucault to investigate organisations has been the tendency to focus on the imposition of power or even the exercising of negative power in repressive and coercive ways (e.g. Neimark, 1990; Knights, 1990; Collinson, 1992). The review here indicates that discipline and disciplinarity are more complex terms and that part of what is positively produced in the disciplinary world is the powerful knowledge profession and its professionals. That is the kind of conceptualisation of the term on which I propose to draw in tracing the historical development of the ACCA and its forerunners as a professional body within the powerful knowledge field of accountancy and in explaining how the identity of certified accountants as professionals has developed and changed across the period of my study.

3.5 Details of methods

The methods used for collection of data follow those of Richardson in his study of the Canadian accounting profession (1987, p.592) in that data has been drawn from a number of sources including professional journals, commissioned histories, internal documents and interviews.

Clearly there are issues to be considered in terms of the hermeneutics of reading documents, particularly as secondary sources. Documents are an important source of richness in social research, enabling us to learn about the period to which they relate. However, the use of documents is subject to caution, as documents construct their own social reality and are not neutral texts. They are interesting for what they leave out and for their silences as well as what they contain. The interpretation of documents may have several levels of meaning – that which the author intended to produce, that as constructed by the reader, as well as the internal meaning of the text (Giddens, 1979, 1984; Scott, 1990). This is particularly the case here for secondary sources, where the raw facts are not available. Instead they have been incorporated into the discourse that the professional body wishes to portray, and the discussion therefore becomes one of comment on the discourse.

The analysis of the interviews also involves consideration of methodical and theoretical problems. Interviews are not used directly for analysis, instead they are transcribed into written texts (as was the case for this project). As such, there needs to be an awareness as to how reliability and validity can be ascertained. Kvale (1996, p.163) comments:

‘The transcripts are...artificial constructions from an oral to a written mode of communication. Every transcription from one context to another involves a series of judgements and decisions.’

Thus transcriptions are translations from an oral language to a written language, which has a different set of rules and which detemporalises the conversation from a living face-to-face experience into a text that is frozen in time and open to repeated re-inspections, i.e. after transcription they have an independent status as texts and are

thereafter open to interrogation and interpretation in precisely the same way as primary historical texts.²⁸

For some areas that I wished to investigate, a complete lack of documentary material has been the issue. Although official publications and some committee minutes exist, they tend to be sparse and to the point. There is clearly vast activity by professional bodies around examinations, as credentialling is a key part of their existence, but much of this activity remains secret and hidden. So, for example, it is very difficult to find past examination scripts, although these could tell us much about how the content and style of a 'pass paper' has changed over the years. On the other hand, and in line with all the evidence reported for the classic disciplinary institutions, plenty of information is available about the rhetoric of credentialling – for example, the numbers of those admitted to membership, the numbers of individuals applying to sit the examinations, and passing, failing or simply absenting themselves from the process.

3.5.1 Fieldwork

As a way of complementing, rather than supplementing, available published material, I have used interviews, following an oral history approach as described below, in order to document the views of a selected cross-section of retired and current ACCA members with regard to their experience of the ACCA and its forerunners in terms of career choice, educational and training experiences, progression and development. This is presented as an alternative to the official view, rather than as corroboration of published material, as I have sought perceptions and views about activities personal to the individual rather than the recalling of facts and events.

²⁸ In particular this may mean that as verbatim transcriptions can appear incoherent, writing them in a more fluent written style may be necessary, and if done sensitively, will remain loyal to the original sense

Such an approach contrasts with the approach based on triangulation used by others investigating the history of the accounting profession in Great Britain, particularly the Scottish societies where extensive archives exist (Kedslie, 1990a; Shackleton, 1995; Walker, 1988, 1991, 1995). Triangulation as ‘...the combination of methodologies in the study of the same phenomenon’ (Denzin, 1978, p.291) is a useful technique in social research in that events can be checked from a number of different sources to ensure their validity (Jick, 1979). Shackleton notes that he was fortunate in that for his purposes the records existed to such an extent that he was able get ‘high level validation through triangulation’ (1995, pp.19-20). In particular such cross-validation avoids the problem of selective survival due to the usage of archival sources that are incomplete or biased representations of original records (Previts *et al.*, 1990a, 1990b). In this thesis cross-validation of primary and secondary sources was carried out to cross-validate issues relating to the accountancy profession as a whole.

Using interviews as a way of ‘telling the story’ is a technique that has also been used by those researching the history of the accounting profession. For example, Loft (1988, 1990) in her explanation of the case of cost accounting in the UK carried out interviews with a number of retired cost accountants. Oral history gives an opportunity to move away from document-based research.

Oral history techniques can add depth and richness to studies of professionalisation. These can take different forms - for example, Collins and Bloom (1991) suggest a functional approach, where oral history is used as a supplement in verifying facts found

of the conversation. Matthews (2000) comments on these problems with respect to his interview with chartered accountant Sir John Grenside.

in documented sources. They describe oral history as ‘a research tool to supplement and clarify the written record or provide a record where no written record exists; after all history is in a continual state of revision.’ They refer to the ‘expertise’ of knowledgeable individuals, used by researchers as a means of ‘amplifying’ recorded history, and ‘confirming’ or ‘refuting’ hypotheses in recorded history. Mumford (1991a) took this approach in his interviews of high profile chartered accountants in business, whom he states were ‘nearly all chosen for interview on account of their high reputation in industrial and commercial accounting’. He goes on to say that the ‘selection process introduced a strong bias towards the successful, and away from those (presumably the majority) who made no impact on professional life’, and that most of the information is capable of cross-checking to other interviews or to published sources. Annisette (1996) took a similar approach when she interviewed senior members of the profession in Trinidad and Tobago as part of her examination of the development of the Institute of Chartered Accountants of Trinidad and Tobago.

Hammond and Sikka (1996) call for the use of oral history to give visibility to otherwise silent voices, in particular the voices of the ordinary accountants whose stories would not otherwise be told. They give three reasons as to why oral histories are so important:

‘first, they focus on individual experiences, interpretations, reactions and aspirations. Focusing on these qualitative aspects of history problematizes the notion that accounting, and accounting history, can be neutral, objective and verifiable. Second, most accounting history ignores the role of human agency and struggles...Finally,...we call for the use of oral histories to give voice and visibility to those marginalized or otherwise adversely affected by accountancy.’

This use of the technique is echoed by Carnegie and Napier:

‘Oral history offers the potential for broadening the options for enquiry in many fields of accounting researchbut perhaps [its] greatest potential

lies in its ability to capture the testimony of those effectively excluded from organizational archives.’ (Carnegie and Napier, 1996, p.29)

Examples of this approach are given by Hammond and Streeter (1994), with their work on racism in American accounting, and Kyriacou (1997), researching gender and ethnicity within British accounting. It also takes up the call of Carnegie and Napier:

‘We hope that greater use of oral history approaches is adopted, before crucial testimony is silenced forever.’ (Carnegie and Napier, 1996, p.29)

Through the fieldwork carried out for this thesis I wished to find out the experiences and perceptions of the ordinary certified accountant in relation to the development of education and training practices, and their perception of the certified qualification, something on which the existing literature was largely silent.

Twenty five interviews were carried out in total. Male retired members were selected at random from a list of retired members in the Midlands area supplied by the ACCA. Both female retired members listed were selected. Male and female practising members who were admitted as members during the 1970s were selected at random from the West Midlands area of the ACCA’s topographical directory 1996/7.²⁹ A further female working in industry was selected after a request for more names was sent to Vera di Palma, the first female President of the ACCA. A letter was sent to those selected requesting an interview of approximately one hour and all those who replied positively were interviewed. In one case, I was referred to the staff partner by the certified accountant partner I had approached. As the staff partner was a chartered, not a

²⁹ Interviews were restricted to the Midlands area due to lack of funds, as I had to pay all travelling costs myself. As the Midlands area covers the conurbations of Birmingham, Wolverhampton, Derby, Nottingham, etc, where there has been a long presence of certified accountants, I did not feel that this limited the approach in any way.

certified, accountant, I confined my questions to his perceptions of the education and training experiences of the certified and chartered students in his practice.

As Anderson-Gough (2002) acknowledges, there is an important social dynamic between interviewer and interviewee. I was younger than all my interviewees, by some fifty years for a couple of them. I always dressed formally, in a suit. Interviews were carried out at respondents' homes or offices, or in the case of one female, at a local hotel. After explaining that the interviews were anonymous and confidential, and part of my academic research work, I obtained permission to tape all except one. I found that I was treated professionally in all cases. The fact that I am a Fellow of the ACCA myself seemed to give me credibility and enabled interviewees to open up and discuss issues in a more frank way than if the interviewer had not been an ACCA member or an accountant. The ethical concerns posed by this research were less than those encountered in other studies of accounting professionals (such as Anderson-Gough *et al* (1998) or Kyriacou (1997)) due to the seniority of the interviewees, most of whom were either retired or partners and so did not have career considerations to take into account. However, all references to companies and employers have been concealed and all interviewees anonymised (see Appendix One).

Semi-structured interviews were carried out to prompt the interviewees into recalling their own experience as to why they selected the ACCA or its predecessors as a training body, how they experienced life as a student and later a member, and their views on the value of their qualification, both at the time of admission to membership and later in their working life. The ordering and duration of the questions varied according to the issues emerging. I kept a brief list of questions that I wished to cover over the course of

the interview, but I tried to refer to this as little as possible. Retired accountants were all happy to give me around an hour's interview, although they expressed surprise that anyone would be interested in their stories. 'You don't want to know about all that' was a common opening response. Interviews with practising accountants generally lasted around forty-five minutes, and I was much more aware of time pressure during these. I was able to interview partners during working hours, but I had to interview one manager at the end of the working day (with cleaners working around us) whilst another had just returned from a visit to the dentist.

In the first phase of interviews, no women responded to the letters sent out requesting the opportunity of an hour's interview. In the second phase, an extra sentence was added to letters sent to female accountants, requesting particularly that they responded to give a female perspective. As a result six women in total agreed to give an interview, which is well over the percentage proportion of females to males qualifying as certified accountants prior to the 1980s.³⁰

3.5.2 Limitations

In historiography a distinction is drawn between primary and secondary materials, with primary material being much more highly regarded by historians as the best evidence of fact, short of being able to attend the event oneself, whilst secondary materials are a further step removed from what actually happened, and may have undergone further editing. Due to my use of interviewing as a research technique, I was able to gather some very interesting primary material, which I use in my empirical chapters to add richness and depth to the story of the ACCA. With regard to archive material, when I started this research, I approached the ACCA to request permission to have access to

Council Minutes. Despite the support of the then Research Director, my request was not granted by the relevant member of the Executive, although I did manage to gain limited access to the Education Committee Minutes and the library from another member of the Executive at a later date. This lack of access to the policy making body's minutes has meant a heavier reliance than I would have wished upon other primary sources such as the in-house journal and Annual Reports, as well as additional secondary sources in the form of other journals, academic articles and books. The archives of the ACCA are in any event far less substantial than those of the ICAEW and ICAS, and much less has been preserved. Indeed, when I mentioned this to an academic who had been a technical officer at the ACCA in the 1970s, he recounted to me how he had seen large amounts of archive material being loaded into skips and taken away for dumping due to the lack of storage facilities.

In terms of my fieldwork, one restriction was that, as the initial bank of accountants to choose from was taken from lists of retired members and current practitioners in the Midlands area, all respondents were those who had been successful themselves in the professional accounting credentialling process, and had sought and retained membership of the ACCA, presumably because it held some value for them. It would be extremely difficult to track down those who failed to join the ACCA, although their views and experiences would be of great interest. A further limitation is that this study is UK Midlands-based (for reasons of cost!), and of course the ACCA is and has been a world-wide qualification for many years.

³⁰ Of the six, one is retired, one works in industry and the remaining four all currently work in practice.

3.5.3 Computer Aided Qualitative Data Analysis (CAQDAS)

For the purposes of the analysis, the interviews were transcribed onto disk and coded using HyperRESEARCH, an affordable qualitative data analysis software package that I was able to access at my then employer (University of Central England) and subsequently purchase myself. CAQDAS has become widely used in organisational research due to its ease of use compared to the previous laborious manual processes (Fielding and Lee, 1991; Kelle, 1995). A number of packages are available for managing and analysing qualitative data analysis. Weitzman and Miles (1995) evaluate a number of them, commenting that HyperRESEARCH is ‘especially intended, and especially good, for a cross-case analytic approach’ (p.230). It is important to remember that the computer merely carries out the mechanistic part of the data analysis, with the researcher being able to focus more extensively on the interpretation aspects of the coding process (Lee and Fielding, 1991, p.5).

As Anderson-Gough *et al.* (1998, p.49) note, the coding process is fraught with difficulty. Each interview contains phenomena which are not easily transferred into codes, and it is up to the researcher to impose meaning onto the data, rather than the data inherently possessing it (Weaver and Atkinson, 1994, p.66). Codes can serve to denote facts (for example, the interviewee lived in Birmingham), but they also denote text passages referring to specific information, and attitudes (such as the interviewee studied by correspondence course and found it a struggle) (Seidel and Kelle, 1995, pp.52-53; Richards and Richards, 1995, p.83). However the codes themselves are not objects to be reified, rather they are ‘artefacts of a relationship we have with our data’ (Seidel, 1991, p.114). In order not to impose rigid ideas upon the process, a ‘grounded theory’ approach was adopted (Glaser and Strauss, 1967), whereby open coding was

used to develop initial categories, which were later selectively refined. So initial coding was carried out after the first phase of fourteen interviews had been completed. When the remaining interviews had been completed further coding was carried out and some changes made. As a result I went back to the first set of interviews and repeated the whole process again using the revised set of codes. Directional coding (Strauss and Corbin, 1990) was also used, for example, if a ‘chunk’ of text demonstrated an interviewee’s experience of the ACCA as being positive in relation to a specific issue the code ACCAGOOD was used, whereas if the experience was negative the code ACCABAD was applied.

Codes were chosen to reflect the respondents’ backgrounds, their reasons for choosing accountancy as a career, their reasons for choosing the ACCA as opposed to other accountancy bodies, their perceptions of the ACCA, their type of study, the value to them of their qualification and experience, and their views of the ACCA as compared to the chartered accounting bodies. In order not to lose sight of the context in which the coded ‘chunks’ were located, before I used any of the data in the thesis I reread the full transcripts and then used the reports generated by HyperRESEARCH as an organising device for pulling out specific evidence relating to my questions.

3.6 Conclusion

Loft (1988, p.294) comments that:

‘[T]he histories of professional associations tend to studiously ignore the technical aspects of the craft which their members practice (sic). They ignore the subtle linkages between the social position of practitioners and the knowledge which they claim jurisdiction over.’

Through the methodology adopted, the historical study carried out in this thesis has aimed to address this problem, in particular in relation to key aspects of education and

training practices, and their effects on institutions and individuals, that have not been recorded previously. The collecting of data in relation to such practices has not been an easy task. I have followed Geddes (1995, pp.69-70) who notes that little primary information on the education and training of chartered accountants is available, and who found that a detailed examination of the accountancy press was valuable:

‘regarding how historical events were received and understood by those who participated, whether willingly or unwillingly, in the changes, events and debates both as they were taking place and in retrospect.’

The interviewing of retired and working certified accountants to gain their perceptions and experiences has been used to dispel the myth that there is one single universal story to be told. There is now widespread recognition that all history is selective (Said, 1994). I therefore use the various experiences of certified accountants to reveal different representations and interpretations of the ‘official’ written versions. Despite the potential problems of using quotations from my interviews I have decided to include quotations where I consider that they add richness and depth to the story that I am telling.³¹ They have been valuable to bringing to the surface some of the ways in which the education and training process has disciplined the individuals who chose to become certified accountants.

For this work, as with any such histories, there are many and varied strands of the story to bind together, and not all the information is available. However, it is only by telling such stories, incomplete as they will always be, that the history of professional accounting development can be better understood. Mills (1993) states:

‘I think that we have to accept that in historical research our task is to take a ‘satisficing’ approach – to try to understand the past as best we can,

³¹ Hammond and Sikka (1996) discuss the dilemma that the use of quotation creates: on the one hand the author must be careful not to use quotes only in order to ‘fit the theory’; on the other hand the overuse of quotation runs the risk of criticism that it lacks context and analysis.

realizing that knowledge will be forever imperfect. In the end the best we can do is to choose an interesting research issue; use evidence that is varied, accessible and reliable; draw on a variety of views and techniques including those of the social sciences, to interpret that evidence; seek out other explanations and examples that would confound our overall argument; and finally, to convey our findings in as clear a manner as possible, eschewing jargon and esoteric language.'

For a history concerned with the development of an education and training system, a methodology that highlights the importance of pedagogic practice offers a suitable framework for analysis. The work relating to the disciplinary power of pedagogical practices first applied by Foucault, and then adopted and adapted by Hoskin in terms of looking at educational practices, and Hoskin and Macve in terms of looking at the extension of educational practices to accounting, is thus highly relevant to this thesis. It enables me to extend my work beyond previous analyses of the accounting profession and accounting education, and to link together the major themes of knowledge, disciplinary power in the form of examination and training, and the creation of professional identity in a way that acknowledges the complexities of the social, economic, political and organisational contexts within which the ACCA and its members operate.

Part II

Chapters Four to Seven – The Empirical Work

‘By a steady adherence to the principle of equal opportunities for equal qualifications and a strenuous opposition to privilege and precedent based on a policy of exclusion, we have succeeded in securingan ever-increasing recognition by the public. ...[The] claim to be considered with the two older bodies is based upon three grounds: the first being that of members; the second being that of examination tests; and the third being that of having similar rules and regulations regarding admission and conduct.’ (LAA Presidential Address at 1922 AGM)

These chapters set out to explain the role of education and training within the wider context of the ACCA’s professionalisation strategy as an aspiring and latterly successful professional accounting body, which is nonetheless to be located within a continuing fragmentation of the British accountancy profession.

The quotation above arguably signals three things. First it can remind us that the central significance of expertise-based examination to the professionalisation project was not lost on the early leaders of the future ACCA. Second it may bring home the internal as well as external role that such examination played. Externally it was the means to signal that this was a body intellectually indistinguishable from the older Institutes and so worthy of consideration as a serious professional body. Internally it was the magnet that attracted a potential ‘customer base’ to consider membership, and the means to conferring on the individuals who succeeded the ‘professional’ title. Without it, the rules and regulations on admission and conduct would have been insufficient to win recognition either by the public, or, even more importantly, the state.

Thirdly, the quotation, when viewed in the slightly wider context of the professionalisation process as a whole, may be read as a sign that even in 1922 a long-term and stable fragmentation was on the cards for the accountancy profession, because of the success of the future ACCA in mounting and maintaining its examination-based strategy. This is not to deny that fragmentation had then and still has other reasons. To the early form of geographical fragmentation, ensuring separate jurisdictions for the ICAEW and ICAS, there were reasons connected to functional specialisation and expansion.

The amount of available accounting work has grown greatly since the formation of the first accounting bodies. The work that was appropriated by British accountants at an early point, such as auditing and preparation of financial statements for legal reasons, has been complemented by work in areas that over time has come within accountants' jurisdiction, such as accounting for management control and corporate finance. As the volume of work has grown, there have been increasing opportunities not only for the growth in terms of numbers of members of existing bodies, but also the entry of new bodies of accountants with defined specialisms such as CIMA and CIPFA. But, as noted above, these reasons do not cover the case of the ACCA and its predecessor bodies, which succeed in occupying the same jurisdictional space as the ICAEW and ICAS, without ever being subject to the same geographical constraints as them. They may initially be of a lower status, but in the long run they prove able to play the professionalisation project along lines that turn the early apparent weaknesses into strengths.

In short, the growth of the accountancy profession in the UK is not simply a supply/demand story, driven by expansion in accountancy work and increasing functional specialisation, even though these are part of the story. There is also some more general ‘differentiating dynamic’ at work, which leads to attempts to mark off territories on a number of grounds, which will not reduce to the terms of the jurisdictional analysis developed by Abbott. Further, in the development of such differentiating tactics, there is a ‘knowing’ or ‘strategic’ aspect to the activities undertaken by the different would-be professional bodies (which again may perhaps be read off from the quotation at the head of this section).

Such strategic ‘knowingness’ is not limited to a body such as the ACCA. For the first bodies in the field, a key strategic consideration is how to keep a jurisdictional distance from those that come later, a game in which status and class differences are clearly a card to be played, as we shall see in the following chapters. However ‘epistemological distance’ is strategically important too (i.e. ownership of a visibly superior and different knowledge), as is any form of visibly elite differentiation in the training process.

For the latecomer or ‘parvenu’ bodies, one strategy is to occupy a separate ‘market niche’, but this cannot be pursued at the expense of attempting to close the epistemological gap, for otherwise the risk is too great of not being definable as a ‘professional body’ at all. There must also be a credible form of training too in order to cross that threshold.³² But what the disciplinary analysis may point up here is that,

³² Significantly, the 1922 Presidential Address continues directly to address what was then the troubling difference from the old bodies, the lack of a system of ‘service under articles’. The President observes: ‘We do not say that there is nothing in this difference.’ But he immediately goes on to stress that ‘we do insist upon five years’ practical experience in accountancy in a responsible position’, and that this is virtually indistinguishable as a quality of training since ‘this experience in every case of admission is

while the latter two features are essential to a successful strategy, the history of the ACCA and its forerunners shows that functional or geographical differentiation is not.

Looking more generally, the history told here suggests that the overall strategy for latecomer bodies like the LAA and the Corporation is likely to entail a battle on two fronts. On the first front, the set of latecomer bodies engage amongst themselves in an internal struggle for recognition in which only some will cross the frontier to become 'professional'. An aspect of that struggle will be a scramble to be included in the new 'professional body', via merger or incorporation, if and when a bridgehead has been established. Meanwhile on the second front, they have to find ways of establishing a legitimate and accepted place alongside the existing bodies. Neither of these processes is ever without conflict, and the resolutions reached may have unanticipated features. The extent to which a strategy is conscious as opposed to 'emergent' is also not definable in advance (or always in retrospect).

In the case of the ACCA and its predecessor bodies, the history suggests that there have been both deliberate and emergent aspects to its successful development as a professional body. It is also apparent that there was a significant role early on played by a few key individuals in enabling the strategy pursued (whether emergent or deliberate) to succeed, while more recently there has been a rather more corporate approach to planning and decision-making. Contingency has played a role, not least in the case of that feature that so troubled the 1922 President (see footnote 32), the lack of an articles-

gained under similar conditions and probably in the same office as that of the articulated clerk of the other two organizations'.

based system of training. For the experience-based model has now become the norm in the training systems of all professional bodies. [This is not to suggest that there are not still differences, not least in the way that ICAEW and ICAS now operate with a system of training contracts in replacement for the old articles system. Nonetheless, all professional bodies have now adopted some version of this more ‘meritocratic’ form of work-based training, foregoing the old ‘ability to pay’ principle.]

Overall, however, one can say that bodies such as CIMA, CIPFA and the future ACCA have all seen and seized an opportunity to enter the professionalising field in competition with previously established bodies, and in that process have devised strategies to allow themselves to compete with those bodies. But for all of them, the core of the strategy (whether deliberate or emergent) has been to capitalise on the opportunities created by their education and training systems. So they have pursued a disciplinary approach, based on developing an examining and credentialling system that makes a legitimate claim to be purveying relevant, high-level expert knowledge, admitting only those who can be seen to have demonstrated a sufficient competence in that knowledge, and regulating thereafter practising accountants by annual performance monitoring.

Turning then to the ACCA and its forerunners’ more detailed history, given that there was no functional expertise difference to draw on, in the way that CIMA and CIPFA have had, the LAA and the Corporation were in a more direct way been definable, given the entrenched position of the Chartered Institute bodies, as the unwanted outsiders, the ‘others’ seeking identity within the same field. Despite this, the success of the education-based ‘disciplinary’ strategy shows through in the way that, in spite of the

Chartered Institutes' attempts to prevent it, the LAA and the Corporation gained legal recognition for their members to carry out official audits, and thereby come to occupy the *same* jurisdictional space as the older bodies. The interesting theoretical consequence then shown up by the history is that this has not, unlike in other professions, over time led to the predicted rationalisation and unification of the accounting profession, but instead led to a complex but persisting form of stratification. The persistence of fragmentation and stratification leads to a questioning or extension of the Abbott theory of jurisdictions with respect to the supposed way in which jurisdictional claims are settled. For the settlement here indicates that within existing boundaries, there is scope for professional bodies carrying differing status but identical epistemological scope to co-exist. Contingent factors may play a part, for instance the liberal nature of UK companies regulation, in the form of the Companies Acts. Hence the Chartered Institutes, carrying the elite status, gain the high status work, such as the audit of top listed companies, whilst certified accountants generally carry out lower status work, the audit of small and medium-sized companies for instance. However the situation is fuzzy or labile even today, as some certified accountants work for the top chartered firms and many chartered accountants work in small practices.

The historical part of the thesis may be seen as helping re-think the value and scope of the jurisdictional approach to understanding professionalisation in two ways. First, its evidence contributes to a new kind of reading of the jurisdictional problem, since it provides a basis for shifting the focus *from* the boundary itself to what happens *within* the jurisdictional boundary. In this respect, the study may help us to better understand how boundaries are defined and re-made. Second, the particular nature of the evidence focussed on here, which is especially concerned with the education and training

practices of the ACCA and its predecessor bodies, will hopefully help to show how far a ‘disciplinary’ approach to understanding professionalisation, as outlined above, makes sense at the level of the historical detail of the body’s development, in terms both of the internal evolution and the relations with ‘significant others’.

In the four following chapters, four distinct stages in the professional and educational development of the ACCA and its predecessor bodies will be set out (and these are summarised below). However the history can also be seen, at a more global level, as falling into two stages.

In the first half of the century, there was the battle to attain professional status and the consolidation of the former LAA and Corporation as one body forming a separate (in status terms) but equal (in juridical ones) complement to the older bodies. This first half of the twentieth century is arguably a period when strategy is more emergent than planned, given that the various founder bodies that amalgamate to form the ACCA eventually are all fighting their separate and contingent battles, and given that the demand for and supply of future members is itself fairly opaque. However, what shows through as deliberate, I would argue, is the recognition (as in the above quotation) of the strategic centrality of adopting what we may now describe as a disciplinary set of knowledge-based practices as the key means to establishing the right to the professional title and attracting successive generations of trainees and members.

In the second half of the century, the ACCA arguably began to take a new kind of advantage of its equal (in law), but different (in status), position, leading to exploitation of its credentialling strengths in the global market, and also to ‘branding’ itself as the

voice for the small practitioner. In this phase of its existence, the evidence can be read as indicating a recognition by the ACCA of a new kind of opportunity for taking the initiative and engaging in what, at least in retrospect, can be seen as strategic repositioning, since the body is now on the inside of a legitimate 'professional definition'. This second stage brings home how much scope for change there is once one has pierced the boundary surrounding 'being a profession', without wishing to suggest that all 'parvenu' bodies would necessarily follow the same developmental pattern as the ACCA.

The role of the education and training system was fundamental in both these phases, and a means to enabling first the achievement of the bridgehead and then the strategic differentiation. From foundation in 1904/1891 until 1930 it was the key means to ensuring that the standards of the LAA and the Corporation were equivalent to those of the Chartered Institutes, particularly the ICAEW. This was essential to prove that members, despite the open access policy, had passed examinations of a similar rigorous nature to the Chartered Institutes. Once the LAA and Corporation had achieved the goal of recognition, the role of the education and training system changed to one of widening participation and growing student numbers through its generous entry and training requirements. The ACCA's broad membership spectrum made the strategy of defining itself as the relevant body for the business accountant attractive, and it implemented this strategy by using the examination syllabus as a driver for repositioning its knowledge base. In addition, the ACCA and its foreunners had always had an overseas examining presence as, unlike the Chartered Institutes, they had no reason for emphasising geographical restrictions in relation to their jurisdiction.

The strategic differentiation took place when and as the ACCA began, by the early 1970s, a deliberate exploitation of the potential of the examination-based qualification, through the development of joint examination schemes and local training centres. The strategy followed was to some extent serendipitous, as ACCA members already existed in some numbers in countries that now wished to create their own national accounting bodies, but lacked the expertise and infrastructure to do so. The ACCA's administrative experience in running a credentialling system both at home and overseas for many years meant that it was well placed to enter into joint arrangements with newly formed local bodies. By the 1990s the attractiveness of the examination structure to overseas students had led to massive growth, with overseas students outnumbering those in the UK, and the ACCA had established itself as a global presence with a highly recognisable 'brand' (to use the language of that decade).

The chapters identify four major stages in the professional and educational development of the ACCA:

- An alternative opportunity (The early years – 1930), covering the period from the setting up of the two main founder bodies of the ACCA to their initial recognition within UK legislation.
- Growth and amalgamation (1930 – 1947), covering the period where the second tier bodies had equal legal, but lower social, status with the Chartered Institutes, and showing how integration and the effect of the war led to expansion of the student body.
- Reassessing the role of the business accountant (1948 – 1970), during which period registration and merger were regularly expected but never materialised, whilst the

ACCA focused on a shift in examination syllabus away from a narrow legal perspective to a broad based structure with a management emphasis.

- Developing a strategy for the future (1970 – 1998), as the ACCA realised it had the strength as a credentialling body to stand alone, and moved to develop its international presence through overseas partnerships and joint examination streams, perhaps at first still as an emergent strategy but latterly as an explicit means of securing a new level of financial and professional success via a globalising approach.

Chapter Four - An Alternative Opportunity (The early years -1930)

4.1 Introduction

By the end of the nineteenth century stratification of the British accounting bodies was already becoming established. The Chartered Institutes had sought to establish themselves as the elite, and their rise and attempts at closure have been well documented, in particular the rise of the extremely exclusive Scottish chartered accounting societies (Brown, 1905; Stewart, 1977; Walker, 1988, 1991, 1995; Kedslie, 1990a; Lee, 1996). However, full closure in the sense of legal monopoly of public practice secured by state registration was never achieved at the level of full exclusivity by any one of them (Macdonald, 1985). Some security was given during the nineteenth century by the acquisition of Royal Charters, enabling the sole usage of the designation ‘chartered accountant’, but the right to this nomenclature was repeatedly challenged by the Corporation of Accountants and the LAA.

One outcome was that, despite the established position of the Chartered Institutes, the latter two bodies succeeded in puncturing the boundary by gaining legal recognition for their members to carry out official audits, which meant that they occupied the same jurisdictional space as the older bodies. Unlike other professions, this did not over time lead to the expected rationalisation of the accounting profession, but instead it led to another kind of equally rational outcome, stratification, as the LAA and the Corporation undertook a series of attempts to carve out a distinct and distinctive position for themselves within this same jurisdictional space.

This chapter therefore discusses the rationale behind the emergence of the LAA and the Corporation within the context of a liberal legal system which enabled such attempts to be made. It also considers the setting up of what were deemed to be appropriate professional structures and standards, in accordance with the best practice of the day, in the light of this battle for recognition. For it is apparent that, once the fledgling and apparently ‘parvenu’ bodies were not being dismissed at the legal level of recognition, they were able to make claims to being or becoming established on a sound footing. One procedural consequence was that much time and effort was devoted to ‘turf battles’ along jurisdictional lines. This fight for equal recognition in law with the Chartered Institutes dominated the ‘strategic activity’ of the LAA and the Corporation throughout the 1920s, culminating in success in the form of legal recognition for the LAA as an audit body in 1930. This gave equal jurisdictional status. But at the same time, the stratification issues became further entrenched. In a sense this is an understandable consequence of the emergence of accounting institutes as sites of professionalisation during the later nineteenth century, a time when increasing numbers of specialist disciplinary bodies were adopting the techniques of examination and credentialism as means of staking claims to being distinct professions. Stratification was always a potential outcome in the accountancy field for a number of external and internal reasons, which led to the proliferation of potentially similar yet competing professional bodies who were able to succeed at various status and functional levels to trade on the changing economic significance and social status of accountancy work.³³

Among the external reasons was the growing significance in the economic world of complex business entities with increasingly extensive management layers, which

³³ As stated in Section 1.5, this thesis uses a disciplinary approach to explain the emergence and

required, as regulation began to confront the problems of fraud and incompetence in management, the provision of a new quality of audit services externally and of cost and financial management skills internally. There was also the associated development of new kinds of liquid capital market, engaging a wider and less individually wealthy (and more speculative) population of investors involved in new forms of share ownership and financial analysis. There was also an increasingly wide perceived need for audit and accounting services in smaller businesses, not least with the growth of company tax demands. Finally, alongside all this, there was a growth in forms of accounting expertise required in the public sector (both as central and local government) as well.

Epistemologically, it can now be seen, it was not at all clear what was distinctive about the formal kinds of accountancy knowledge offered by the supposedly elite professional bodies such as the ICAEW and ICAS. The non-professionals and aspiring professionals in bodies such as the LAA were offering very much the same kind of knowledge. What this implies is that there was no easy or effective *epistemological* barrier that could ensure that the old professional bodies remained ring-fenced, even if it was apparent at the time that in status terms the old bodies were pre-eminent. This would prove to be highly significant in the longer run, since the initial social distinctiveness of the old bodies would not prove sufficient to enable them to retain a monopoly of charter status. The inability of the original bodies to maintain clear epistemological water between themselves and the ‘young pretender’ bodies would prove decisive.

So, on the one hand the accountancy field, as a discrete body of expert practitioners, would succeed in becoming a profession. But on the other, the old bodies would not

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stratification of British accounting bodies. Alternative approaches could have focused more on economic

prove able to retain the professional title for themselves alone. Aspects of the early stratification would remain, as is the case even now. But the status boundaries would become increasingly blurred.

As noted above, the role of the education and training system was to prove significant to the process whereby parvenu bodies developed themselves into credible alternatives to the elite bodies. The establishment of the rhetoric of an appropriate credentialling system, based on the existing chartered accountancy examination system, was the means to signalling that a rigorous system of controlling admission to the profession had been constructed. This was the way in which the founder bodies of the ACCA were able to assert that their 'professionalisation project' was successful and that they were worthy alternatives to the Chartered Institutes. The fact that the training system was not articles-based might be a cause of concern (and a basis for the old bodies to signal their elite status), but ipso facto the system could lay claim to being far more open and liberal in its recruitment, being based on a meritocratic approach of open access rather than privilege.

This 'advantage' was of course born of necessity. The founder Institutes could make it a mark of their privileged and elite status that would-be trainees paid premiums for articles, thus restricting entry to those socially elite sons (sic), whose fathers had the ability to pay a premium and to support them through the years of indenture. In the case of the ACCA forerunners, potential entrants were from humbler lower-class backgrounds, with many being older when they entered training and with a need to earn their own living while undertaking qualification. In practice, the generous training

requirements meant that alternatives to articles were permitted, without punitive penalties in terms of years served. This also gave opportunities to those, both male and female, working as clerks in accounting firms, or in responsible positions in industry and commerce, to qualify as professional accountants.

From the very beginning then, this distinctive use of the education and training system gave the founding bodies of the ACCA a potential competitive advantage over the Chartered Institutes, although not one that appeared an advantage at the time. However, they were subsequently able to develop and use it to their advantage, and indeed to see the old bodies develop their own form of paid training, with the training contract system. At which point, arguably, the grounds upon which the various bodies laid claim to the 'right' to the title of 'professional body' became even more indistinguishable.

4.2 The opportunity for more accounting bodies

As just noted in summary, the late nineteenth century saw a period of rapid expansion in the work available for accountants. Partly this was due to the passing of legislation requiring accounting and auditing work to be performed. The 1844 Companies Act made provision for the appointment of auditors and the proper keeping of accounts, which were to be sent to the proprietors of the company (Stacey, 1954, p.36). The 1862 Companies Act, termed 'the accountant's friend', permitted limited liability and so 'provides him with an occupation (and hence remuneration) at inception, during progress and in liquidation' (Brown, 1905, p.318). A further Act of 1879 required banks to have their accounts compulsorily audited by an independent auditor. New accounting partnerships, with low capital requirements, were relatively easy to set up, with work being obtained through family and business connections, and advertising (Matthews *et al.*, 1998).

In addition, as noted, the scope for accounting work in industry, commerce and the public sector was also rising, as evidenced by the formation of the first functional accounting body, the IMTA, founded in 1885.³⁴ Chartered accountants were increasingly employed by companies as secretaries or accountants in growing numbers by the early 1900s (Howitt, 1966, p.43; Loft, 1988, p.121). By 1911 it is estimated that around 1% of ICAEW members, 6% of SIAA members and 3% of ICAS members were working in industry, with these percentages growing rapidly over the next twenty years (Matthews *et al.*, 1998, p.138). Following the formation of the first accounting bodies in Scotland, there was a rush of further formations from 1880 onwards to meet demand from those men practising as accountants who wished to gain the benefits of professional recognition. All of these developments ensured that there was a ‘contestable field’ within which various bodies, playing the professionalising game by the appropriate examining and credentialling rules, could lay claim to the name of ‘accounting professionals’. This would not mean that all such bodies would, or did, succeed in their quest. But the game that was on was one in which bodies with little in the way of traditional status claims could aspire to gain a status that would otherwise have been denied them. It was this opportunity that, in retrospect, the ACCA forerunners can be seen as having exploited successfully.

4.2.1 The background to the formation of the ACCA predecessor bodies

There were few opportunities for admissions of new members to the Chartered Institutes in Scotland due to the articulated clerkship structure. For example, the Edinburgh Society

for example required indenture fees of 100 guineas followed by a further 100 guineas on admission, with in addition the requirements that clerks should be articled to a Scottish chartered accountant and attend university law classes (Walker, 1991, p.271; Kedsle, 1990a, pp.185-7). So effectively ranks were closed to any but the sons of the wealthy who were not from the provinces. This meant that numbers of chartered accountants remained low, and so gave opportunity for new bodies of accountants to be formed to meet what would prove to be a massively growing demand for accounting and auditing services, and thus to challenge the right of the chartered accountants to claim monopoly status in accountancy practice. Such bodies also gained momentum (internally and in the wider public domain) through being able to define themselves as being formed in response to the barriers erected by the older accounting bodies, who were determined to maintain their position and status in the professional world.³⁵ At a time when professionalism was burgeoning, there was likely to be a demand to gain professional status from those who were already practising as accountants, but who, unable or unwilling to gain entry to the established bodies, yet recognised the benefits of belonging to a professional body.³⁶ The challenge for the new would-be professional accounting bodies lay in their being able to prove to such potential members that they were indeed professional in the key respects. This was a challenge that they quickly realised could best be met by demonstrating that they had 'earned' the right to award credentials, by having adopted (a) the relevant disciplinary knowledge which prospective members would have to learn, and (b) the rhetoric of 'rigorous'

³⁴ The IMTA was formed to represent those accountants who worked in municipal and treasury positions in local government. It was therefore the first functional accounting body to be formed as it specialised in a particular area of accountancy work other than public practice.

³⁵ So, for example, there were frequent warnings in the professional press about the dangers of the so-called 'outside' accountancy associations, which were regarded as being largely composed of 'questionable characters that make the dregs of the profession' (*The Accountant*, 31 October 1908, p.514).

³⁶ Following the rejection of the Scottish Institute of Accountants' petition in 1890, all three Scottish Chartered Institutes amended their rules of admission to allow experienced accountants to become

examination, as the means of separating those who merited the professional credential from those who did not.³⁷

The first challenge came with the foundation of the Scottish Institute of Accountants in Glasgow in 1880, which sought to open up recruitment across Scotland on a more meritorious basis (Walker, 1991). The formation of the three separate Scottish societies on a local, rather than a national, basis gave the Scottish Institute the opportunity to step into the vacuum left at national level and assert itself as the national body for Scotland. It therefore was able to press for a national charter along the lines being argued further south by the ICAEW. However, it was unsuccessful in achieving this, as it met with considerable hostile opposition from the Scottish chartered societies to its many petitions over the period 1884-1898 (Walker, 1991, pp.265-6; Shackleton, 1995, p.26). The Scottish Institute later merged with the SIAA in 1899.

The Society of Incorporated Accountants and Auditors (SIAA) was formed in 1885, but it perpetuated the articulated clerk system, whereby admission to membership was possible only after completing five years of articulated service with a member of the SIAA. Although an alternative route was offered, whereby five years of articles could be commuted into nine years of pupillage in relevant accounting work, this represented a very long time to serve before gaining admission as a member.³⁸ The SIAA was largely an England-based organisation whose early members included those who could not

members, although there is evidence to show that the SAE did not allow many in (Shackleton, 1995, pp.33-34).

³⁷ As noted in Hoskin and Macve, 1986, pp.132-3; Walker, 1991, p.267; Perkin, 1969, p.259, cf Loft, 1986, regarding the early legitimisation of the ICWA.

³⁸ And this was only instituted by a change in bye-laws in 1904, by which time the Corporation of Accountants was already in existence and the LAA was being formed. In addition, as well as the altruistic reason of giving opportunity to those who were unable to pay for articles, it may well have been a means of getting round the restriction of only allowing two articulated clerks per principal (Garrett, 1961, pp.22-23).

fulfil the ICAEW's rigid conditions for membership. These included municipal and county treasurers and accountants, and 'in smaller numbers, accountants occupying responsible positions in business and the Government' (Garrett, 1961, pp.3-5).

Naturally this kind of development was not favourably viewed by the existing Chartered Institutes, with the journal of the newly-chartered ICAEW for instance commenting in 1886:

'From reference to various published directories and other sources and an inspection of the Society's list, we find represented among its members, a formidable array of clerks of all kinds – rent collectors, corn merchants, shop-keepers, valuers, collectors of taxes, bailiffs, secretaries of various concerns, civil engineers, school board clerks, overseers, timber agents, pawnbrokers and manure merchants' (*The Accountant*, 1886, p.160)

The Chartered Institutes, being newly established themselves, were still in the process of trying to define their own professional monopoly, through the device of creating sufficient differentiation between themselves (as the 'elite') and any other accountants and accounting bodies. The article just quoted may be read as indicating how problematic yet important this was. Without any legal registration there was no automatic opportunity to establish sufficient epistemological difference between the early bodies and the newcomers. This sort of evidence is oblique confirmation of the fact that this distance could be brought in various ways to being close to non-existent. The early history of the ACCA founder bodies shows them blurring any social or status difference by adopting and adapting in various ways the tactic of professionalisation pioneered by the older bodies, i.e. gaining acceptance via examination and credentialling.

4.2.1.1.The Corporation of Accountants

The Corporation of Accountants was established in 1891 by seven members of the Scottish Institute who had become disillusioned with the Institute's failure to break the CA monopoly (*The Corporate Accountants' Yearbook*, 1936, p.505, quoted in Walker, 1991, p.258). Its title was therefore deliberately chosen to enable a challenge to the title 'CA' (Walker, 1991, p.264), which was actively defended by the three Scottish chartered societies (Kedslie, 1990b; Shackleton, 1995; Walker, 1991). Like other pioneer bodies, it admitted experienced practitioners with a time-honoured record in public practice and accountants employed in responsible positions (Stacey, 1954, p.68). However, it established what later would prove to be a significant change, as a period of articles was not compulsory, thus breaking with a previously important tradition. This gave opportunities to those who were unable to lose earnings during a period of articles or who were too old or entrenched to wish to start sitting examinations (especially alongside neophytes). The rationale behind this would seem to have been that the demand for qualified accountants was now widely seen to be outstripping supply.

Stacey comments as follows:

‘There appeared to be a need for more accountants of a higher calibre, similar to that of members of the Institute, but without the restricting stipulation upon articles of clerkship...The number of accountancy appointments grew prodigiously where articulated pupillage was not considered an important stepping stone to the acquisition of competence’ (Stacey, 1954, p.27).

Although examinations were first introduced by the Corporation in 1899 they were not made compulsory until after 1928, when it finally became totally apparent that only accounting bodies with rigorous entry requirements would gain recognition in law (Stacey, 1954, p.33). Prior to 1928 the lack of formal examining did not impair the Corporation's growth. Indeed it may have facilitated it, as there was plenty of work for

accountants, in industry and commerce as much as in practice, and there continued to be time-served accountants who not surprisingly wished to gain membership if it was available without examination (Stacey, 1954, p.68). However its initial point of formation in Scotland and the continuing insignificance in the wider world of the perceived need to join a professional body resulted in the Corporation remaining a relatively small body, so long as experience was seen as being as good as or better than qualification (see Table 4.1).

4.2.1.2 The London Association of Accountants

The LAA was founded in 1904, as one of the ‘outburst of new accountancy societies’ (Stacey, 1954, p.71) precipitated by the wording of the Finance Act 1903, which included the term ‘accountant’ for the first time, together with a definition.³⁹ This act gave the impetus to those accountants who had not seen a need for qualification prior to 1903 to consider joining the ‘professionalisation project’, and they soon found that they were able to gain quasi-recognised status by forming themselves into bodies that would meet the rather loose definition given in the Act. However, of the three bodies formed shortly after the 1903 Act, only the LAA grew to any size.⁴⁰

³⁹ The Finance Act 1903 reiterated the previous eligibility of members of the two branches of the legal profession and also added the accountant: ‘If upon any appeal under the Income Tax Acts the Commissioners for the general purposes of the said Acts refuse to permit a barrister or solicitor to plead before them or to hear any accountant, the appellant may, in lieu of proceeding with the appeal before them, appeal to the Commissioners for the special purposes of the said Acts, and the last-mentioned Commissioners are hereby required to hear the barrister, solicitor or accountant. The term ‘accountant’ in this section means a person who has been admitted as a member of an incorporated society of accountants’ (Finance Act 1903, section 137 (3)).

⁴⁰ The Institute of Certified Public Accountants (1903) took over the Central Association (founded 1905) and in turn was absorbed by the ACCA in 1941.

Table 4.1 Growth in membership numbers of accountancy bodies, 1888 - 1930

	1888	1911	1930
ICAEW	1,576	4,391	9,047
SIAA	400	2,442	5,225
LAA	-	1,897	2,956
Corporation	-	622	*1,967
ICWA	-	-	796
SAE,IAAG,SAA	377	1,280	2,940
IMTA	85	455	642
ICAI	44	100	261

*Figures for 1931

Source: Garrett (1961) Appendix II. Figures for Corporation from Matthews *et al.* (1998, p.62)

Table 4.2 Numbers of LAA, ICAEW and SIAA students sitting exams and comparative pass rates, 1920-1929

Year	LAA Number	Pass %	ICAEW Number	Pass %	SIAA Number	Pass %
1920	1,620	60	1,794	63	953	70
1925	1,603	51	2,883	54	1,462	55
1929	1,408	43	2,905	55	1,617	50

Source: Minutes of evidence of departmental committee on registration of accountants, 1930, Memorandum 12, para 78, 81.

Of particular interest was the fact that the founder members of the LAA apparently sought to create a new body with much more democratic principles than had previously been the case. At least, this aspiration can be read from the retrospective words of Arthur Priddle, the first President of the LAA:

‘I well remember the inception of the Association – the few men who gathered together and the ideals and aims they had in their minds at the time the Association was formed. Their idea was to place this Association on a broader basis than that on which the two existing organisations for accountants were placed, and to give everyone who intended to take up the profession, and could prove by examination their fitness and experience, an opportunity of joining an Association which would provide them with a qualification they could use... It has been said that the ideal of the Association is more democratic than that of any other.’ (ACCA, 1954, p.5).

One feature, not surprisingly, in the context of differentiating the new body, was that cost was not to be a barrier to entry to the LAA. This was not lost on potential future members:

‘You became a certified accountant because it was a darn sight cheaper to become a certified accountant than a chartered accountant’ (Mr O).

These democratic principles have been maintained over the years, as recognised in the ACCA’s official history:

‘[I]n several matters of principle the Association gave a lead which the older accountancy bodies later followed, by being the first organisation of accountants in this country to admit women – 1909; the first to suggest a universities scheme – 1914; and the first to examine in cost accounting and taxation – 1917, and economics – 1922’ (ACCA, 1954, p.1).

The designated name for LAA members to practise under was ‘Certified Accountant’. However, the lack of chartered status meant that recognition would be slow in coming, and would haunt the actions of the LAA for many years, as it often felt, and acted like, a second-class body (and was treated as such by the older bodies). The flavour of this dilemma comes across in the following observation from 1929:

‘You cannot get the layman to recognise anything but chartered accountants; he does not know anything else.’ Mr J.C.Latham speaking under cross examination in the Chester Corporation Bill (CAJ, 1929, p.147).

In common with other accounting bodies, although an examination structure was put in place in 1906, the LAA initially admitted members without examination.⁴¹ However the LAA realised that stringent admissions regulations were required if it was to make headway alongside the older Chartered Institutes and the SIAA, even if the Institute of Certified Public Accountants and the Central Association admitted members based on practical experience only. Inevitably such regulations needed to draw upon a commitment to rigorous examination. So, whilst the LAA needed not to antagonise the social groupings that were its main source of students, in 1920 it became the only professional association of accountants which laid down scholastic demands for new entrants, without insisting upon articles of clerkship or service in practice.

The LAA requirement of practical training of five years gave it advantage over the nine years required by the SIAA. However elective articles were available and students continued to take these up. The role of articles was clearly seen as part of the necessary trappings to ensure professionalism – Stacey notes that even the ICWA provided for articles when it was established, which was clearly an anachronism as no ICWA student worked in practice (Stacey, 1954, p.100).

⁴¹ It is striking that in every early case there is some lag between the date of formation and first examination, largely because the initial membership are experienced accountants (see Table 4.5).

In 1906 qualifying examinations were introduced for members without sufficient practical experience.⁴² Nevertheless, the number admitted without examination remained a large proportion of the total members for considerable time.⁴³ In 1920 passing the final examinations became a compulsory prerequisite and the examinations became increasingly demanding, such that by 1930 it was being claimed, vis à vis the ICAEW, that there were ‘cases where men have failed in our examinations and passed theirs’ (Minutes of Departmental Committee on Registration of Accountants, HMSO, 1930, Paragraph 859). In actual fact, the pass percentages for each of the LAA, ICAEW and SIAA were similar during the 1920s (see Table 4.2). For membership, appropriate accountancy experience had still to be obtained, even though this need not be via articles. Over the years the rules defining the nature of such ‘experience’ had continually to be clarified, indicating that this was an area of contention, in terms of the level of work experience deemed appropriate. From 1904 this had to be accountancy work carried out at a reasonable level of responsibility, rather than just book keeping. Finally, in 1922, the requisite level of ‘experience’ began to be defined in terms of the level of responsibility involved – thus enabling the LAA to ensure that standards were maintained through only admitting members who had sufficient ‘professional responsibility’. From 1922 on, mere expertise in bookkeeping was not deemed to satisfy Article 7 (CAJ, 1922, p.217).

By 1920 membership had grown to over two thousand, and it became apparent that one Council Meeting was insufficient to deal with the growing range of issues confronting

⁴² The LAA Circular of December 1907 states that ‘after 31 March next no member will be admitted as a Fellow unless has passed the Association’s final examination or an equivalent or had been in practice ten years and satisfied the Council in addition as to his fitness and experience’ (p.16).

⁴³ Figures of 1,317 members admitted without examination out of a total of 2,805 were quoted by J.C. Latham, Secretary of the LAA, during the cross examination over the Stoke-on-Trent Corporation Bill (CAJ, 1928, p.200).

the Institute. Accordingly a number of committees were formed, including an Examinations, Educational and Applications committee (CAJ, 1920, pp.41-41). Council members were elected to serve on these committees, with many acting on more than one (CAJ, 1921, p.72). Monthly council meeting were held, with committees meeting around eight times a year.⁴⁴

Looking at the changing external profile of the LAA and the Corporation, and of other burgeoning accountancy bodies such as the ICWA (now CIMA) and CIPFA, it is apparent that the second tier accounting bodies were now sufficiently well established (or saw themselves as such) to demand a better role within society. Given their adoption of the examining and credentialling tactic, they had the necessary structures in place to stand scrutiny next to the Chartered Institutes, and they had a claim on expertise in very much the same fields of disciplinary expertise as those bodies. At the same time, they were, year on year, beginning to fill up with increasing cohorts of members who were eager to gain access to further and better work opportunities (see Table 4.1).

4.3 The struggle for recognition

Much of the debate and rhetoric within the LAA involved the determination of Council to gain legal recognition and success for its members, to enable them to claim increasingly equal status with the more 'senior' chartered and incorporated accounting bodies. Successes on the road to this objective were often recorded in the Journal. So, as early as 1922, we find the following:

‘they had had the gratification of the Chancellor of the Exchequer stating frankly and openly in Parliament that the London Association of Accountants was a very important society, and that it would be a great

⁴⁴ In 1925 there were five main committees (Parliamentary and Law, Finance and General Purposes, Disciplinary and Investigations, Examinations and Applications and Library and Publications), together with various sub-committees and an Executive (CAJ, 1926, p.182). Minutes of meetings were printed occasionally in the journal.

injustice to exclude its members from giving certificates under the Finance Act.’ (London and District Members’ Committee General Meeting Report, CAJ, 1922, p.207).

The claim to be equal to the Chartered Institutes was clearly considered vital in pursuing the success of the LAA, as is indicated by the frequency with which such claims were made in the annual Presidential Address. I have already cited the following at the head of Part II, but it bears repeating, this time in more extended form, for the way it captures the whole range of key issues, including the question of training under articles, that would structure the progress of the professionalisation process.

‘By a steady adherence to the principle of equal opportunities for equal qualifications and a strenuous opposition to privilege and precedent based on a policy of exclusion, we have succeeded in securingan ever-increasing recognition by the public. ...[The] claim to be considered with the two older bodies is based upon three grounds: the first being that of members; the second being that of examination tests; and the third being that of having similar rules and regulations regarding admission and conduct. There is no need for me to tell you that the only difference between the three organizations is in connection with service under articles. But we do not say that there is nothing in this difference. Because, although we do not insist upon articles, we do insist upon five years’ practical experience in accountancy in a responsible position, and this experience in every case of admission is gained under similar conditions and probably in the same office as that of the articulated clerk of the other two organizations.’ (LAA Presidential Address at 1922 AGM)

4.3.1 The legal challenges

There was however, as noted above, no automatic right to proceed to professional status, just because the credentialling tactic was adopted. There was the matter of gaining legal or juridical recognition to carry out auditing and restricted accounting work via some form of state sanction or acceptance, as had been achieved by the old bodies with the grant of their ‘Charter’.

As noted above, the Corporation of Accountants, following the failure of the Scottish Institute to achieve a national Charter for accountants in Scotland, sought to gain the

right to call themselves chartered accountants and to use the initials 'CA'. Not surprisingly, given the stakes involved in the professionalisation project, in 1893 the three Scottish chartered societies took the Corporation to court and prevented this taking place (Walker, 1991). The Corporation eventually settled on the designation 'FCRA' (Fellow of the Corporate Registered Accountants), and thereafter no objection was raised.

From 1914 the LAA and the Corporation set about pursuing claims for recognition in legal or official spheres, and focused specifically on gaining inclusion in the audit clause of municipal corporations. The issue had arisen because of the 1882 Municipal Corporations Act, which required local authorities to appoint elective or non-professional auditors. Many local authorities wished to have their accounts audited by professional auditors and in order to enable this, bills were promoted in Parliament, stipulating this desire. The initial precedent was set here by the West Bromwich Corporation (Consolidation of Loans) Act 1889, which required that the borough auditor should be a chartered accountant or a member of the SIAA (52 & 53 Vict. C. 116 (1889) s 56(1) quoted in Kedslie, 1990a, p.147). Once this legislative bridgehead had been established, it 'created a precedent upon which subsequent acts were modelled' (ACCA, 1954, p.39). Unfortunately for the LAA and the Corporation, who had not been in existence at the time of the precedent Bill, all future bills used the same clause as the West Bromwich Bill, which procedurally excluded their members from being considered for this (usually lucrative) line of work.

In 1914 the LAA decided to challenge what they saw as a contingent and unfair principle of exclusion, by fighting for the right of inclusion within a municipal bill,

when it came for consideration before a Select Committee of the House of Lords. This challenge was successfully contested by ICAEW and SIAA on the grounds that the LAA had no recognised or fixed standard. However, the LAA did not give up on its strategy of legal challenge. The lack of epistemological distinction between the LAA and the Chartered Institutes and the SIAA meant that there was no professional reason why LAA members should not carry out such work, as it had adopted, with the exception of articles, the same requirements for professional membership as the older bodies. By 1923 the LAA had objected to this restrictive clause at committee stage in relation to some eighteen private bills (mainly gas and water bills), and had begun to be successful in getting the wording of such bills changed, to incorporate a clause stipulating that those authorised to undertake audit work should include ‘an accountant approved by the Board of Trade’ in addition to members of the ICAEW and SIAA. Representations were also made to ensure inclusion of the LAA (and the exclusion of other ‘unqualified’ accountants) as qualified auditors in the annual Finance Acts. Interestingly we find a spirited defence of this distinction by the Chancellor of the Exchequer, in reply to an amendment in the 1922 Finance Bill which aimed to restrict the definition of an ‘accountant’, as originally laid down in Finance Bill 1903, to chartered and incorporated accountants:

‘There are such Societies as the London Association of Accountants which would be excluded if only these two (chartered and incorporated) were mentioned and which, as is very well known, is a very important Society and it would be unfair to say that such a Society should be entirely excluded from giving certificates under this clause.’ (Sir Robert Horne, Hansard, House of Commons, column 1557, quoted in CAJ, August 1922, p.142.)

The LAA was, however, less successful in having restrictive clauses taken out of Municipal Corporation Bills (CAJ, 1923, pp.12-13). In addition, a Treasury Minute was passed in 1920, restricting the appointment of public auditors to members of the

ICAEW and SIAA, and this situation was not remedied until 1936 (Stacey, 1954, p.33). The justification made for this exclusion by the ICAEW and SIAA was that only part of the membership of the recently established societies was qualified by examination, and that the standards of examination were not uniformly high. For example, at the time of the Bolton Corporation Bill in 1922:

‘the number of its members who had passed examinations was so few that when the appearances before the Committee were entered, the Association who had briefed counsel to appear on its behalf withdrew presumably for this reason’ (Departmental Committee on the Registration of Accountants, Minutes of Evidence, p.19 section 22 quoted Stacey, 1954, p.48).

By the end of the 1920s, the increasing number of Municipal Corporation Bills where the ‘auditors clause’ was contested dominated the accounting scene as far as the lesser accounting bodies were concerned. In 1928 Sir Walter Raine commented, with reference to the Stoke on Trent Municipal Bill:

‘generally speaking, the leaning of the Committee is not, for the future, to have this clause so circumscribed’ (Stacey, 1954, p.133).

The LAA, the Corporation of Accountants and the Central Association of Accountants therefore all lodged petitions at the Committee Stage against the restrictive clause. Some of the smaller accounting bodies such as the British Association of Accountants and Auditors, the Faculty of Auditors and the Institute of Certified Public Accountants were also increasingly involved.

The upshot was that the LAA finally succeeded in getting the clause amended in the Cardiff Corporation Bill of 1930, and this amendment was then incorporated into the Reading and Portsmouth Bills of the same year. This was, perhaps understandably, seen

by the Council as the most important achievement of the LAA in its history to date.⁴⁵ For them it marked a new era where the LAA was given equal status in law with the ICAEW and SIAA. The following year, the Corporation of Accountants succeeded in amending the Tamworth Bill to include their members.⁴⁶ The passing of the Municipal Corporations (Audit) Act in 1933 saw an end to this stage in accounting profession history as this enabled municipal corporations to switch to professional auditors without the need for private legislation. But significantly, the Act took effect in a context where the battle by the LAA and similar bodies had already been won.

4.3.2 Aiming for registration

I stated in Section 4.2.1.2 that in 1920 the LAA took the decision to require all entrants to pass examinations (ACCA, 1954, p.28; Stacey, 1954). Within the context of the professionalisation project, this meant that new bodies now sprang up to take the LAA's old place, by not requiring examination for admission to membership (see Table 4.3). Such a route was still very popular for those who already had practical experience and did not wish to enter into examinations alongside 'young Turks'. So it is perhaps not surprising, at this stage of the growth of professionalisation in the UK, that the new bodies plus the Corporation grew at much faster rate than LAA through the 1920s, particularly if one also adds in the continuing demand in the new economy (where managerial businesses, which increasingly separated ownership from management, were beginning to predominate and where modern stock market activity was increasing rapidly) for accountants. So there were plenty of takers from two directions for

⁴⁵ As reported in the Presidential Address at the 1930 AGM (CAJ, 1930, p.201).

⁴⁶ Throughout these challenges, it continued to be the alleged lack of stringency of the examination structure and the consequent lack of rigour exercised on admission to membership that created the ostensible stumbling blocks in the eyes of Counsel. So in effect the younger accounting bodies finally realised that they had to *prove* that they operated a system of equal rigour to the older bodies.

‘professional’ or ‘quasi-professional’ bodies offering the opportunity for admission without examination.

The statistics from the 1920s reveal the gap that was opening up. By 1930 60% of the LAA had passed an examination, but in comparison, when the Gloucester Bill was challenged in 1927, only 37 out of over 800 members of the Central Association had been admitted after examination (Departmental Committee on the Registration of Accountants, 1930, Minutes of Evidence, p.19, s. 21 quoted in Stacey, 1954, pp.47-48).

The growing momentum for qualification via examination, as well as for qualification generally, meant that sooner or later the issue of the regulation of the profession as a whole (as opposed to self-regulation by the individual bodies) would return in an intensified way. Previous attempts to regulate the accountancy profession had all ended in failure, for two ostensible reasons. One was the inability of the different bodies to give up what they saw as their privileges. The other was the more general lack of agreement among professional and regulatory or legislative bodies upon how registration should be carried out.

This ‘internecine dispute and inability to subsume perceived organizational status differentials’ had always resulted in a lack of government support (Walker and Shackleton, 1995, p.469). However, the numerous challenges to the Corporation Bills raised the issue of state registration once again, with the possibility of deciding the fate once and for all of the many second tier bodies that now existed (see Table 4.3). During the 1920s other countries were also actively pursuing the issue of establishing their own

national bodies (e.g. South Africa).⁴⁷ Here one option would be to establish their own national bodies as the only ones to receive recognition under the law, thus reducing the privileges of the old UK professional bodies. The question of registration in the UK therefore, for a range of reasons, became a long and drawn out process, culminating in 1930 with the establishment of the Goschen Committee to consider evidence on the subject.

The LAA, along with sixteen other accounting bodies, presented Memoranda.⁴⁸ The report, when published, set out much useful material about the nature of the accountancy profession in the UK, although it had difficulty in defining the work of accountants – for example, what work fell exclusively to accountants rather than to solicitors or bankers? However, its conclusion was that registration was not desirable. This was a blow to bodies such as the LAA, who saw registration as the final step in the legitimisation process, as it would remove all remaining professional body differences.

4.4 Accountancy education and training

In order to claim legitimacy as experts, as stated earlier, the LAA and the Corporation had to prove that they had set in place the necessary practices for credentialism, that is, the adoption of an appropriate body of disciplinary knowledge on which candidates were examined to prove their competence, together with relevant practical experience. Traditionally, the two were closely intertwined in the role of the articled clerk, with the gaining of relevant theoretical knowledge taking place alongside the accumulation of the practical work experience.

⁴⁷ Although the Public Accountants and Auditors Bill was not introduced into the South African Parliament until 1951, showing that elsewhere the same problems of disagreement between rival

Table 4.3 Accountancy organisations in existence at 1930

Date of Incorporation	Name	Members
1854 (by Charter)	Society of Accountants in Edinburgh	952
1855 (by Charter)	Institute of Accountants and Actuaries in Glasgow	1,825
1867 (by Charter)	Society of Accountants in Aberdeen	163
1880 (by Charter)	Institute of Chartered Accountants in England and Wales	9,047
1885	Society of Incorporated Accountants and Auditors	5,225
1891	Corporation of Accountants, Limited	1,927
1901 (formed 1885)	Institute of Municipal Treasurers and Accountants (Incorporated)	642
1903	Institute of Certified Public Accountants, Limited	175
1905	London Association of Accountants, Limited	2,900
1905	Central Association of Accountants, Limited	739
1919	Institute of Cost and Works Accountants, Limited	c.796
1923	Institute of Poor Law Accountants, Limited	409
1923	British Association of Accountants and Auditors, Limited	333
1927 (formed 1925)	Society of Statisticians and Accountants, Limited	c.300
1927	Professional Accountants' Alliance, Limited	158
1928 (formed 1927)	Faculty of Auditors, Limited	c.200
1929 (formed 1928)	Institute of Company Accountants, Limited	c.600

Source: Departmental Committee on the Registration of Accountants, 1930

accountancy bodies caused long delays (AJ, 1950, p.260).

⁴⁸ The LAA representation was reported verbatim in the Journal (CAJ, 1930, pp.288-302).

The LAA and the Corporation, by making articles optional for students, departed from the norm, therefore, and so had to ensure that rigorous standards for both examination and practical experience were maintained in order to gain success in their professionalisation project.

Here their attempt to do so was aided by the general spread from 1870 onwards of modern schooling and school systems, all subscribing to the same culture of examination and credentialling. In other words, the potential entrants into their bodies were becoming ‘disciplinary’ selves, in the double sense of having a greater familiarity with formal knowledge disciplines, and the kind of well-disciplined learning exerted in the new forms of formal schooling. In particular, they were becoming familiar with the study of ‘commercial education’ as a set of formal subjects rather than a purely ‘on-the-job’ learning experience.

4.4.1 Commercial education in schools, colleges and higher education institutions

Scholastic and university education in Scotland was much more widely available and established than in England, with commercial education being provided in many secondary schools in the nineteenth century (Kedslie, 1990a, pp.96-99). According to Brown (1905, p.211), all Scottish chartered accounting apprentices were required to attend law classes, and this claim is reiterated by Stacey (1954, p.21). However, Kedslie states that this was not compulsory to begin with except in the case of Aberdeen (p.104). She emphasises that the role of the Scottish universities was not the provision of better educated entrants (many of whom had attended fee-paying schools) but the training of apprentices in the specialist area of law (p.104). Walker comments that in the case of the Edinburgh Society there was a requirement to attend law classes at the

University from 1866 (Walker, 1988, p.151). Part time attendance at university classes in economics and accountancy was a requirement from 1926 (Shackleton, 1993).

In the mid nineteenth century provision of secondary education generally in England was poor in comparison to both Scotland and the continent, with technical education being particularly poorly or thinly provided. There was nothing similar to the Conservatoire des Arts et Metiers and the Ecole Centrale des Arts et Manufactures in France, nor to the educational establishments of Prussia. Matthew Arnold, for example, on examining educational practices in France, Italy, Germany and Switzerland in 1866, reported on considerable differences in the approach to professional education on the continent (Reader, 1966, pp.112-3). It was not until the later part of the century that matters improved when under the Technical Instruction Acts of 1889 and 1891 Committees of the County Councils and County Boroughs were empowered to grant rate aid in support of secondary technical and manual instruction in their districts (Loft, 1988, p.135). During the twenty-five years from 1889 to 1914 there was a slow but steady growth in technical education, including commercial education, from a variety of different institutions such as the London Chamber of Commerce, the Royal Society of Arts and the National Union of Teachers (Urwick and Brech, 1949, Vol.II, p.138). The content of this education was at a low level, giving practical instruction for clerks rather than anything more theoretical.

In higher education there were advances too. In Manchester (1851), Birmingham (1870), Leeds (1875), Liverpool (1881) and Sheffield (1897), amongst others, colleges were set up whose purposes were stated as serving industry, and whose students were largely from family backgrounds in industry and trade (Sanderson, 1972). In 1902

commerce facilities were set up at Birmingham and Manchester Universities (Urwick and Brech, 1949, p.136). The London School of Economics issued a sessional programme which included an optional course of sixty lectures over two years in 'Accountancy and Business Methods' for the London BSc. (Econ.). However these university courses catered for very small numbers in comparison with the technical colleges and other similar public and private institutions which were being set up, or expanded.

4.4.2 Provision of accountancy education

Facilities offering accountancy education were extremely limited as it was not seen as the role of the professional bodies to start with – they were credentialling institutions not educational bodies (Howitt, 1966, p.201; Solomons, 1974, p.22).⁴⁹

The concern was with the practical training rather than with the educational aspects:

'The history of the first seventy-five years of the Irish Institute's existence is one of slowly dawning awareness of its responsibility to provide professional education as well as technical know-how for its students.' (Robinson, 1964, p.304).

We can note parallels with the earlier Oxbridge system, as Oxbridge had become a more intensively disciplinary place, but only through also becoming a 'credentialling institution' in a new way, with the whole raft of new studies, history, science, engineering, modern literature, etc. that were certifiable in the form of degree examinations. And the direction of change had been, as Hoskin (1982, 1986) shows, changing the practices of examination first in the Wranglers exams and Fellowship exams, and then discovering the 'power' of the practices to enrol students into Honours

⁴⁹ This may have been due to the fact that when the ICAEW was formed there was no system of primary, secondary or higher education available in England and so no accepted norm of education. This contrasted with the situation in France and Germany where there were 'excellent commercial schools' (Locke, 1984, p.133). It was therefore better to ensure that training took place under supervision to ensure that the skill and application of the profession were properly practised. So the ICAEW and other bodies

schools, with the loss of custom for the old non-degree subjects, which therefore responded by lobbying to become examined degrees in turn.

To begin with, the accounting bodies go no further than setting up examination and credentialling systems. This is followed by the discovery that they have a learning/knowledge responsibility, which leads to an opportunity to set curricula as a result. The outcome, in a sense, can be summarised:

‘The difficulty of educating accountancy students in the most suitable manner for their career cannot be fully satisfactorily resolved until the authority responsible for conducting the examinations and setting standards for the hurdles takes its proper share in their teaching and supervision.’ (Stacey, 1954, p.65).

Such responsibility took a long time to come. The ICAEW arranged classes in London, later in Liverpool and other locations for coaching, but Stacey referred to the provision as ‘lamentable’ (1954, p.66). He comments that in the United States by comparison by 1914 there were already 100 universities providing courses in accountancy employing 169 staff and instructing 3,500 students. In England, in contrast, tuition for the ICAEW examinations quickly became dominated by home correspondence courses run by private tutors such as Foulks Lynch, and a pattern was set which was to dominate for the next fifty years (Geddes, 1995, pp.134-5). Geddes explains how the jurisdiction of English professional accountancy education has remained in the hands of private tutors, thus becoming divorced from university education and research, a case which is not replicated in other English professions or in accountancy in comparable countries.⁵⁰

The LAA naturally followed the lead given by the ICAEW. From a list of thirty-three

saw their role as certifying that a particular standard had been reached, rather than as providing the necessary instruction in how to attain that standard.

⁵⁰ For example, by 1922 the Law Society had introduced a compulsory year of lectures before the Intermediate examination, with some provincial universities providing lectures in addition to the College of Law (Abel, 1988, pp.145-6).

colleges and tutors offering coaching for the LAA examinations world-wide in 1914, the majority were private individuals or institutions, amongst them Foulks Lynch and Pitman's School (CAJ, 1914, p.24).

Within the LAA a Students' Society had been formed in London by 1920 (CAJ, 1920, pp.67, 145). District Societies were formed, starting with the London Committee in 1922 (CAJ, 1922, p.200) with a 'comprehensive' programme of lectures – these included student lectures on examination technique, frequently given by directors of private training colleges, as well as more general topics for members. A library was organised in 1906, and regular notification of additions given in the Journal. However, provision for education and training would appear to have been extremely limited – apart from the student lectures arranged by the District Societies students were dependent on correspondence courses and coaching colleges, as evidenced by adverts in *The Certified Accountants' Journal* throughout the 1920s.⁵¹ And students studying variants such as Irish law were further handicapped by the lack of specialist text books, as generally only English or Scottish texts were available (Robinson, 1964, p.118). Gradually, as student numbers increased, the public sector began to introduce evening classes organised by the Education Department of the local Council, and these increased the opportunities for students to gain face to face tuition.⁵² A sporadic Students' Column existed in the Journal, covering topics such as 'Bank Notes' (CAJ, 1926, p.181) and 'An Auditor's Responsibility for Balance Sheet Values' (CAJ, 1927, p.180). Book reviews appeared at regular intervals, mainly of those texts written especially for

⁵¹ A list of 'Colleges and Tutors who coach for the examinations of the LAA Ltd' was provided in the *Certified Accountants' Journal* in 1914 (p.24). It included 8 colleges and 3 tutors in London, 9 colleges and 5 tutors in the provinces, 1 college in Scotland, 2 colleges in Ireland, 3 colleges in Wales and 1 college in India. Regular adverts from the major private colleges appeared.

⁵² London County Council was an early organiser of such classes (CAJ, 1924, p.252).

commercial students by examiners with appendices of professional accounting bodies' past examination questions.⁵³

The standard of tuition would seem to have been poor, with many unqualified teachers covering evening classes (CAJ, 1926, p.226). The low status of accountancy teachers would appear to have been confirmed in the report of the Burnham Committee, which excluded teachers holding accountancy diplomas from the Graduate Scale, despite the fact that diplomas in engineering, architecture, art and technology were recognised (CAJ, 1933, p.11).

4.4.3 The role of the examination

The old professions had followed the universities in terms of the type of examinations that were held. As the numbers of potential entrants were small, examinations could be oral and informal, with individual attention paid to the subject. Reform in the English universities took place around the end of the eighteenth century with the establishment of what Rothblatt (1968) calls the 'Cambridge principle' - the separation of the teaching (by the colleges) from the assessment process conducted by the university. This had the effect of producing the examinee as an anonymous subject, indistinguishable from his peers in the eyes of the examiner until the university examinations were marked. The process thus rendered him a calculable person signified by a neutral numerical mark. Standards in relation to an objective pass mark could then be established. Once this process was set in place, it offered an appropriate model for both reforming and new professions to follow.

⁵³ For example, *Economics for Commercial Students and Business Men* by Albert Crew and *Law and Accounts of Executors, Administrators and Trustees* by Westby-Nunn and Vickery, reviewed in CAJ,

In terms of the new accounting profession, each time that a body was formed existing practitioners were admitted on the basis of their experience in the area of jurisdiction. Over time, examinations were introduced to control the admission of suitably competent new members. As there was no monopoly over accountants' work, this meant that there was no bar to hitherto unqualified accountants forming their own new association, which would initially admit them without examination. The outcome was that the role of the examination became more embedded in the professionalisation process, and ultimately differentiation by examination dominated much of the discussion around legal recognition, with lower end bodies being denigrated due to their lack of examinations.

The first Scottish examinations were informal, thereby conforming to the notion of the old style of examining as practised by the old professions and, although in 1863 there was a recommendation that they should be in writing, oral examining was still taking place as late as 1878 (Kedslie, 1990a, pp.189, 196). The examinations were seen to be of secondary importance, with more weight being attached to character and intelligence, and there is a lack of evidence of any failure (Walker, 1988, p.138). A three tier system of examination was instituted in 1873 to bring the new profession into line with other professions of a similar high standing (Walker, 1988, p.141). The original bye-laws of the ICAEW also provided for *viva voce* examinations for experienced practitioners, but these were causing difficulties even in the 1880s and had been dropped by 1892 (Howitt, 1966, pp.199-200).

The ICAEW held no formal discussion on the adoption of an examination system. Instead when it was founded in 1880 it simply continued on the oral examination process just noted, which was adopted directly from the process for the admission of Associates developed by the former Institute of Accountants in London (Howitt, 1966, pp.20-22). By 1882, perhaps through pressure of numbers applying, it had added a system of written examinations, and set up an Examinations Committee, which first met on April 24th under the chairmanship of Frederick Whinney. The new examinations attracted some initial criticism for their rigour, but Whinney at the third AGM 'had no apology to offer for the alleged stiffness of the examination papers', and observed that candidates would be 'obliged to fit themselves for entrance' (Howitt, 1966, p. 27).

In developing this new system, the Institute does not seem to have engaged in any great debate on possible alternative approaches, and it is likely that they looked to the legal profession, and in particular the Bar and the Law Society, as an exemplar for many of the processes adopted, including the three-part examination process, using the names Preliminary, Intermediate and Final (Napier and Noke, 1992, p.36).

These were obvious places to turn to, as the English Bar had introduced written examinations in 1872 (Freear, 1982, p.59) and the Law Society in 1887 (Millerson, 1964, Appendix 1). The strong links between accountancy and the law were further apparent in the stress on the law in the early ICAEW papers, with accounting hardly featuring. This may of course have been because there were textbooks available for study in the legal field while there was as yet an absence of such books for accountancy. At the same time, when it came to the actual questions asked in examinations, the

emphasis was very much on factual issues, focussed on the accounting side on rudimentary bookkeeping and some partnership and corporate accounting.

Howitt (1966, p. 27) notes some of the questions posed in the initial oral examinations for Admission as follows: 'Define the chief aim of the bookkeeper: state the object of a profit and loss account: enumerate the items in a profit and loss account and which side they go on: describe the accounts that executors should keep'. This question pattern, focussed on factual rather than interpretational issues and on recall rather than reflection, continued into the written papers, and thence into the examinations set by subsequent bodies (see Table 4.4). Additionally, at the level of the content, the importance of proprietorship and proprietary profits which dominated the early work of accountancy survived as 'this dead hand of conservatism' in English accountancy training and education well into the twentieth century, with a consequent lack of emphasis on management accounting (Stacey, 1954, p.38).

But if the Law was a major influence, there is a further influence behind that, shaping the form and content of professional examinations in general: the Honours examinations at the old universities, Oxford and Cambridge. These, as noted in Part I, had developed out of the older oral examinations in the late eighteenth century (Hoskin, 1979; 1982). By the late nineteenth century, a range of subjects had qualified as 'disciplines' in the new sense by having won the right to set up as Examination Schools (as in Classics, Mathematics, History and the Natural Sciences) and to award classified Honours and Pass degrees to students who were rendered as 'calculable subjects' in classifiable populations as a result.

Table 4.4 The examination syllabuses of the SAE, ICAEW & LAA from inception

ICAS (SAE) ¹	ICAEW ²	LAA ³
<u>Preliminary</u> Equivalent to English, including History and Geography, Mathematics, German, French, Greek and Latin (school leaving certificate)	<u>Preliminary</u> English, Maths and three from Geography, history, Latin, Greek, French, German, Italian, Russian, Spanish, Advanced Maths, Physics, Chemistry, Biology, Geology	<u>Preliminary</u> English History and Geography, English, Foreign Language or Stenography, Arithmetic, Algebra and Geometry
<u>Intermediate</u> Algebra including logarithms, Annuities and Life Assurance, Bookkeeping, Framing of States under sequestrations, trusts, factories, executries, the Law of Scotland, especially that relating to Bankruptcy, private trust and arbitrating rights and preferences of creditors in rankings	<u>Intermediate</u> Bookkeeping and accounts, Auditing, The principles of mercantile law	<u>Intermediate</u> Bookkeeping and Accounts, General commercial knowledge, Partnership and Executorship Accounts, Auditing, Mercantile Law
<u>Final (equivalent)</u> The Law of Scotland, Actuarial Science, The general business of an Accountant	<u>Final</u> The adjustment of partnership and executorship accounts, The principles of the law of arbitrations and awards, The principles of the law relating to joint stock companies, The rights and duties of liquidators, trustees and receivers, The principles of the law of bankruptcy	<u>Final Part I</u> Practical Accounting and Methods and Mechanics of Business, Partnership and Executorship Accounts, Partnership and Executorship Law, Joint Stock Company Law <u>Final Part II</u> Practical Accounting and Methods and Mechanics of Business, Auditing, Rights and duties of liquidators, trustees, and receivers and bankruptcy law, Income tax law and practice

¹ Taken from Kedslie, 1990a, pp.188-197. These cover the period 1855 – 1889, but little detail is given and the actual number of examinations sat is small, with one exam covering several of the subjects. Information relates specifically to the SAE.

² Taken from Howitt, 1966, p.198 and Geddes, 1995, p.132. No split between the intermediate and the final subjects was given, however Howitt (p.27) lists all the final subjects.

³ Taken from LAA Circular, June 1906 for Intermediate and Final, and CAJ, December 1917 for Preliminary.

All the features of the new Law examinations can be traced back to this earlier system. There was the same tripartite division, with the 'Preliminary' examination being the University Entrance Examination, which often by then took the form of a Certificate obtained by passing the examinations set by the Oxford Local, Cambridge Local or Oxford and Cambridge Examination Boards.⁵⁴ Once matriculated, university students then had to pass a Part One and Part Two (Cambridge), or Moderations and Finals (Oxford) to obtain their degree. The papers they had to sit were still largely based on recall of facts or proofs. Even where there was analysis of set textual passages (as in the more literary subjects), such analysis typically involved recalling the context, explaining textual references and advancing orthodox interpretations, thus involving a passive acceptance of textual authority rather than rewarding any active and distinctive interpretation by the candidate.

What one may therefore see in the development of examination systems by subsequent would-be professional bodies is an elaborate game, wherein appropriate expert (disciplinary) knowledge must be examined, at an appropriate level, *pace* Frederick Whinney, of 'stiffness', but where, to ensure that such rigour is demonstrated, the conservative tactic of emulating the existing systems is seen as prudent. In other words, the imperative was to produce examinations that, in form at any rate, were like the examinations already in place (which were in turn like the examinations already in place, all the way back to the first such examinations, those of eighteenth-century Oxbridge). The questions of how relevant the content was to the jobs that accountants actually undertook, or how well what was learned in the formal examinations connected

to what was learned in the workplace (whether under articles or as a paid clerk) were very secondary. To have asked them at the early stage of aspiring to professional status would have been both foolhardy and a distraction.

It was in this context that the LAA, as part of its first drive to develop the appropriate professional characteristics, set up an examination structure at inception. Examinations were included in the Memorandum and Articles of the LAA as a test of Fellowship:

‘which all fellows, without exception, must pass, for we recognise that Fellowship of our Association must mean fully qualified accountants equal to members of the older societies’ (Circular No. 2, August 1905).

The LAA was always eager to assert in its rhetoric that its examinations were of the same standard as the older bodies in order to pursue its professional claims:

‘From the reports received from those experienced in accountancy examinations there can be little doubt that the severity of the test of the LAA examinations, if not greater, is at least equal to that of any other professional accountancy examination.’ (CAJ, 1923, p.66).

Examinations for the LAA began in 1906, with three sets of both intermediate and final examinations being held, in January, June and December.⁵⁵ Thereafter examinations were held twice a year (ACCA, 1954, p.7) with candidates being able to make arrangements for examination in any place they selected (Circular, June 1906). However, despite the fine words of the memorandum, it would seem that in fact many practitioners were admitted without examination as they had many years of experience in the field.

⁵⁴ Interestingly, from its inception the ICAEW Examination Committee accepted the Certificates from these Boards as exempting candidates from taking the Preliminary Examination.

⁵⁵ See Table 4.5 for the dates when accountancy bodies first started examinations.

The LAA appointed a chief examiner, W. Colin Grant-Smith LLB, CA, FSAA, FCIS, who was a lecturer in the relevant subjects at the Municipal Science and Technical School, Wolverhampton (LAA Diary, 1913). Variant papers were introduced at an early stage to take account of local legal rules that would affect many papers. There was a separate examiner for Scottish subjects – J. Neil Orr MA LLB Member of the Faculty of Procurators. It should be noted that for all the major accounting bodies the emphasis on law in the examination syllabus was extremely strong. Another legal specialist was appointed as examiner for South African subjects in 1916. Separate examination for the Irish Free State began in the 1920s (CAJ, 1924, p.271).

The 1914 AGM records the LAA as doing very well in examinations. There were record numbers of students sitting in June 1913 (56 candidates) and December (64 candidates). However the phrase seems to refer more to the income that the LAA was receiving in excess of expenses incurred!⁵⁶ Although in the first recorded results pass rates seem high for professional courses, particularly at the Final stage, this trend was not to continue with post-war pass rates substantially lower (see Table 4.6). Of course this may be due to the small numbers involved in the earliest examinations, and possibly to the existence at that stage of a more informal or personalised examining process, as a result of the numbers being so small. Perhaps unsurprisingly, given the very English style and content of the examining system, colonial results were much poorer than UK results from the start.⁵⁷

⁵⁶ £146 was received in examination fees, with expenses being one half of this amount (CAJ, 1914, p11).

⁵⁷ Colonial results in 1913 were at Intermediate 6 passes and 17 fails, and at Final 3 passes and no fails (CAJ, 1914, p.37).

Table 4.5 Date of first formal examinations of the accountancy bodies

	Date of Formation	First examinations
Society of Accountants in Edinburgh	1854	1864
Institute of Accountants and Actuaries in Glasgow	1855	1855
Society of Accountants in Aberdeen	1867	1876
Institute of Chartered Accountants in England and Wales	1880	1882
Society of Incorporated Accountants and Auditors	1885	1887
Institute of Municipal Treasurers and Accountants	1885	1905
Corporation of Accountants	1891	1899
London Association of Accountants	1904	1906
Institute of Cost and Works Accountants	1919	1920

Adapted from Geddes, 1995, p.128

Table 4.6 LAA Examination Pass Rates Pre and Post World War I

<u>Year</u>	<u>Intermediate</u>		<u>Final</u>	
	Pass	%	Pass	%
1914	34	65	9	90
1921	368	42	230	63

Source: LAA Annual Report for 1921

Table 4.7 Numbers sitting LAA exams 1919-1926

Year	Numbers	Pass %
1919	639	66
1920	1,622	60
1921	2,321	45
1922	2,760	44
1923	2,128	50
1924	2,071	44
1925	1,603	51
1926	1,418	47

Source: LAA Annual Report, 1926

By December 1917 new regulations on qualifications were introduced. The Preliminary examination was instituted and the Final divided into two parts.⁵⁸ Exemptions were considered in relation to the other accounting bodies, due to the similarity in the examination structure.⁵⁹ This has continued as a feature of professional accountancy examinations, although today no exemptions are permitted at the Final Stage.

The LAA did take note of changes in the practical aspects of accounting and integrated these into the curricula much earlier than the ICAEW. So in 1919 a new optional paper was added on cost accounts and systems of costing, and in 1920 a special certificate was granted on passing this paper (CAJ, 1919, p.13 and 1920, p.17). To assist students in what was a new subject in the UK, various costing articles were published in the Journal. We can note, however, that management accounting had been practised as a recognised subject for some time, the classic text, Garcke and Fells' *Factory Accounts*, having been published as far back as 1887. Fells remarked in 1910:

'It is now some 23 years or so ago that my friend Mr. Emile Garcke and I, in the flush of our youth, wrote the first pioneering book on this subject. Then it seemed to be thought by some that we had written a book on economics, and not one on accountancy. *The Accountant*, which performs a most useful service in always representing the average mind of the profession, pointed out that the work was rather concerned with the wages and time books, stock books, and matters of a similar nature, which, as a rule did not come within the scope of an accountant's duties.' (Article 'The Accountancy of Tomorrow' in *The Incorporated Accountants' Journal*, XXII, July 1912, p.69, quoted in Locke, 1984, p.125)

Such comments serve to highlight a major distinction between the LAA and the Chartered Institutes, for of course those LAA members working in industry would indeed have come across rudimentary cost accounting. This illustrates that from its

⁵⁸ The examiner for the Preliminary examination was Mr John Sinclair MA, Director of Education for the YMCA (CAJ, 1917, p.69).

beginnings there was separation between the knowledge required to pass the examinations, based on the requirements of the Chartered Institutes and therefore heavily weighted towards the law, and the knowledge being applied in practice, with its managerial connotations.

Following the end of the first world war, the LAA saw a huge increase in the number of candidates coming forward for examination, leading to a number of articles and comments on examination preparation. These numbers suggest that the LAA, with its generous rules on entry to the student register, was popular with men returning from the war (see Table 4.7).

To meet the examination demand, the administration within the LAA was strengthened. The number of examiners was increased to ten in total, with Grant-Smith as the Chair (CAJ, 1923, p155). He remained in this position until his death in 1948 (AJ, 1948, p.68). Examiners, as well as tutors from the private coaching colleges, frequently appeared on the lecture lists of the various student societies.

In 1927, perhaps as part of the rhetoric to demonstrate its commitment to rigorous standards, the LAA decided to award a gold medal each half-year to the candidate obtaining first place in the final examination, providing that a certain percentage of marks was obtained (CAJ, 1927, p.30). Further prizes for first placed students were added as from the December 1936 examinations (CAJ, 1936, p.205).

⁵⁹ For the LAA, equivalent examinations recognised under Article 13 were the Final Examinations of the ICAEW and the SIAA (CAJ, 1922, p.217).

4.4.3 Practical experience

The first and founding members of the accountancy bodies were all admitted to membership on the basis of their practical experience, and the role of relevant work experience had a major role in the early membership requirements, being enshrined in the requirement of articles of clerkship. More specifically, in the early chartered bodies candidates for admission were evaluated on complying with the conditions of the Charter, which required (in the terms applied in the ICAEW's case) 'a high standard of professional and general education and knowledge'. Articles were seen as the means of guaranteeing that standard would be met, and in turn echoed with the sanction of tradition, not only via the legal profession, but tracing back to the medieval guilds:

'Training through apprenticeship and testing at the time of admittance to full membership were characteristic of the guild system' (Carr-Saunders and Wilson, 1933, p.307).

The stress on articles seems sometimes to have been taken as given as a good or necessary thing, even by modern commentators, with for example Loft (1988, p.137) seeming to equate apprenticeship and examination in terms of their importance. But clearly the relation between types of work experience and passing formal examinations can take a number of different forms, each of which is likely to bring with it certain problems. The traditional Chartered Training model tended to impose a separation between learning at work and cramming for the exams in which only the former was seen as 'real' learning. This had serious implications for the possibility of any wider role being developed for formal accountancy education, as has continued to be the case until recently. It was the learning on the job that was of more value:

'The leading principle of professional education was apprenticeship: learning by doing' (Reader, 1966, p.117).

However, the narrowness of the learning required for exam-passing did not necessarily mean that the learning by doing was either broad or valuable, and this was something recognised early, as there was clearly debate about the level of practical experience being provided, as the following quote demonstrates:

‘It is quite an open question whether every chartered or incorporated accountant in practice can give articled clerks such facilities as are reasonably necessary to enable them to learn the practical side of their work.’ (*The Accountant*, November 11th 1911, p.639).

This meant that there was space for the LAA to make a case for the distinctive value, and even superiority, of the form of work experience they required. In 1923, for instance, we find the claim that the LAA’s requirement of five years of relevant accounting employment meant a higher standard than was the case with articled clerks, where frequently the first two years of service were that of an office boy rather than an accountant (CAJ, 1923, p.309). Certainly articled clerks were seen as just cheap labour in some quarters:

‘Every partner was allowed three articled clerks. My two accountants – one was a certified and one was incorporated and certified. He took three articled pupils for each of his qualifications – he took six. And the other one took three. So that was nine of our staff that we didn’t have to pay.’
(Mr O)

LAA members were likely to be older on qualification than those going through the articled clerkship route of the chartered and incorporated bodies, however there is insufficient evidence available to substantiate the above claim. Many clerks worked in jobs where their employers did not encourage them to study and qualify and therefore their quality and range of work experience was likely to be low. Those who worked in practice were likely to find that their range of experience was limited due to the amount of available work in the office:

‘And also, I found that, apart from one or two friends of mine who were qualified just before I was qualified, that their knowledge, in order to start, was very restricted, because the firm I was working for never gave me any income tax experience at all. I was never put with a clerk who knew anything about tax. I could go to the local farmer. I went to scores of farmers in Essex, Suffolk, Cambridgeshire, and other places. I got on very well with farmers. I was a specialist in farm accounting. By the time I left the farm accounting I knew all the names of the cows!’ (Mr O)

Those who worked in industry were even worse off, as they would not have the opportunity to move around the relevant departments. This is demonstrated by the following respondent, who passed the examinations in the 1930s, but because he did not work in a department where accounting qualifications were required for the job was unable gain the relevant work experience. He did not achieve admission to membership until the 1950s:

‘Having passed the exams I wasn't qualified because there was no qualifications that I had to have (accounting and bookkeeping, experience, and that) [for my job] as I wasn't in [the accounting] department in the office - it was a big office of 200 people in different departments.’ (Mr W)

On the other hand, as the LAA had had to put sufficiently stringent regulations in place to ensure that their professional standards were comparable to the older bodies, this meant that successful applicants to membership had to have reasonable experience of professional responsibility.

4.5 Disciplinary and the professionalisation process

It was stated in Chapter One that disciplinary practices mould professional development and identity, through the shaping of professional knowledge and the production of well-disciplined experts. The construction of the accountant is a doubly disciplinary process, involving both the formation of a well-disciplined ‘docile’ body, who has been subjected to the rigours of a credentialling system, as well as the production of an expert who, through the acquisition of professional knowledge and the legitimation of a

mandate to carry out professional work, can occupy a powerful position in business life. One explanation of the professionalisation process in British accounting is that the various accounting bodies professionalised following classic disciplinary lines as they put into place the structures of examining and licensing in order to achieve professional status. This did not have to occur in a neat and straightforward way. The initial organisation of the Scottish societies was in response to a political conflict to preserve interests, and so the disciplinary attributes of provisions relating to education and qualification were missing. Constitutional arrangements were considered to be ‘hastily and crudely concocted’, leading to criticism of the Edinburgh society for not having professional attributes. (Walker, 1988, p.301; 1995, p.306). This was soon rectified, as Walker comments:

‘Once the challenge to their dominance in the market for the provision of insolvency services had been repelled, and on the acquisition of Royal Charters, the SAE and IAAG began to assume the persona of qualifying associations by the establishment of structures for the testing of professional knowledge in 1855 (Walker 1988, pp. 312-317; Kedslie, 1990a, p.200) and by operating other closure strategies based primarily on credentialism (Walker, 1991).’ (Walker, 1995, pp.306-7).

These disciplinary practices were taken from those adopted by the legal profession. In turn these had been taken from the universities, where as discussed previously the tradition of entry to a profession had been through the granting of a licence following examination by a body of members who had already been admitted (Hoskin, 1982, 1986). The strategy adopted by the LAA followed the existing structures closely and in particular its early tightening of the rules around the examination led to successful recognition in law within thirty years of incorporation.

The role of the Royal Charter was seen to be a ‘guarantee of reputation’ (Alfred Gee, editor of *The Accountant*, quoted in Howitt, 1966, p.13) and was eagerly sought by the

earliest aspiring accounting bodies.⁶⁰ However the first Viscount Goschen,⁶¹ Cabinet Minister in Gladstone's first cabinet, wrote that 'for all practical purposes there seems to be no difference between the old 'Charter' and the present 'Memorandum of Association'' (quoted in Howitt, 1966, p.5).⁶² The later accounting bodies, including the Corporation and the LAA thus followed this alternative new route, which ultimately gave the same legal rights, although it did not carry the same level of prestige (Willmott, 1985, p.47). In the absence of any success over the registration of accountants, the incorporation of a group of accountants into a formal body offered the opportunity for potential legal recognition. The LAA and the Corporation took full advantage of the occasions for disputing the claims of the older chartered and incorporated bodies in order to achieve equal recognition within the law.

The examination was part of the legitimation process of becoming a professional, showing competence in the acquisition of learning the esoteric body of knowledge deemed relevant to the profession. It was therefore important in the strategy of an aspiring professional body to show that rigorous examinations were set, and the LAA duly followed this tradition. It published the June 1907 examination papers, together with answers, in a Circular of August 1907 and continued to regularly publish papers, in the Year Book until 1929, when it moved to publishing them separately. That in itself is an interesting development. It may on the one hand be simply a sign of the increasing demand for materials having reached a point where it was economically advantageous to produce separate texts. On the other, it may also be a sign that 'examinees' had

⁶⁰ For example, the IMTA first considered petitioning for a Royal Charter in 1899. An unsuccessful petition was then made in 1936 before a Charter was finally granted in 1959 (CIPFA, 1985, pp.10-11).

⁶¹ The 1st Viscount died in 1907, and is therefore not to be confused with the Viscount Goschen who chaired the Departmental Committee on the Registration of Accountants.

⁶² This was a reference to the 1867 Companies Act.

reached a level of visibility where they were perceived as a distinct and separately constituted 'group'.

By the time of the formation of the LAA in 1904, the problem that had confronted the early Institutes over the lack of textbooks in accountancy had been rectified, with many of the more successful ones (unsurprisingly) being written by examiners themselves. Such textbooks, along with others written by tutors from the private colleges were now widely available, with model questions and answers for chartered, incorporated and certified bodies.⁶³ Pass rates for the LAA together with the other bodies were also published each year in the Annual Report.

Of course one feature of pass rates is that the emphasis is on those who are successful. Yet typically failure rates in professional accountancy examinations have been high, and thus future pass rates are distorted by those students attempting the exam for more than the first time, who may have different probabilities of passing (especially where there are significant numbers sitting for the third or subsequent time, where failure rates are typically high). It is interesting to note that the ICAEW originally gave unlimited freedom for those who failed the examinations to sit again, although this was subsequently changed (Howitt, 1966, p.203). The LAA did not impose a time limit for students until the 1990s, and this had an unquantifiable impact on the pass rates of students, as some may have remained on the registers for many years.

⁶³ For example Circular Number 2 in 1905 refers students to Dicksee's *Bookkeeping for Accounting Students*, Lynch's *Rights and Duties*, Pollock's *Law of Partnership*, Ringwood's *Law of Bankruptcy* and Smith's *Company Law*.

4.6 Shaping advantage through difference

Whilst the LAA and the Corporation wished to emulate the successful disciplinary practices of the established accounting bodies, they also initiated significant differences, which in the long term would work to the ACCA's advantage by giving it a competitive edge to exploit in the realm of education and training, especially once the articles system fell into disuse.

The innovation of not requiring articles, whilst it may have been initiated as a practical measure following economic demands, meant presumably that a significant new market of recruits was opened up. More importantly, in terms of disciplinary practices, it meant that the training process could, if the candidate wished, be split into the two distinct periods, one taken up with passing the examinations and the other with gaining the practical experience, with no requirement for the two to take place in tandem, as was the case with articles. Whilst most students did in practice take the exams whilst gaining their practical experience, this was not laid down as a formal requirement and thus gave the opportunity for the two elements to be further distanced from each other in the future.

The meritocratic nature of the LAA's recruitment strategy meant that any person with ability who worked in an accounting environment could apply to sit the examinations. This obviously gave opportunity to those who were denied by reason of age or financial circumstance from taking the chartered or incorporated examinations, and also gave women their first British opportunity to qualify as professional accountants. In 1909 Mrs Ethel Ayres Purdie became the first woman admitted to membership (ACCA, 1954, p.11). As she was an active member of the Women's Freedom League she spoke out on

issues concerning women accountants and was described as having ‘not infrequently rendered most useful service to the LAA’ through showing the LAA to be a progressive body and through criticism of the ICAEW and SIAA (ACCA, 1954, p.11; Kirkham and Loft, 1993, p.530). The elite bodies only changed their rules to admit women when forced to do so by changes in the law. The ICAEW admitted Miss Harris Smith, who had been in practice since 1878, only in 1919 following the Sex Discrimination (Removal) Act of that year (Howitt, 1966, p.65). The open access policy based on merit has continued to be an important part of the ACCA’s recruitment strategy, giving rise for further market opportunities in the future.

4.7 Overseas development

In common with other professions, the organisation of the accountancy profession in the colonies reflected that in Britain. In the late nineteenth century local groups were formed in Australia (Parker, 1989; Carnegie, 1993; Carnegie and Parker, 1999) and Canada (Richardson, 1987) which replicated the British situation of competing for recognition and the right to use a prestigious designation. This was particularly noticeable in Australia, where the professional formation of accountancy closely paralleled the developing situation in Great Britain, with the added colonial complications of home bodies also demanding a voice. In fact, according to Johnson ‘the fragmenting processes at work in accountancy...cannot be understood other than in an imperial context’ (1982, p.208). For example, the SIAA, of lower status than the Chartered Institutes, deliberately pursued a ‘British Empire’ policy (Garrett, 1961, p.14; Carnegie and Parker, 1999, pp.81-82), although ultimately the growth and influence of local accountancy bodies meant that it failed to achieve predominance (Carnegie and Parker, 1999, p.96). The colonial position, with no geographical restrictions to the export of qualifications such as local membership of the SIAA or the LAA, contrasted

with the position in the US, where a home-based licensing authority had been established (Seidler, 1969, p.44).⁶⁴

Educational and training requirements initially followed the British model, although Canadian chartered accountants (CAs) were quick to recognise the advantages of university affiliation in terms of course provision and administration, putting contracts in place in the 1920s (Richardson, 1987, p.603; Mann, 1976, p.31). Richardson states that this move clearly differentiated the CAs from the certified general accountants (CGAs) and other rivals, who continued to use private correspondence courses (Richardson, 1987, p.603). There were parallels rather with the American position, where the Institute of Accountants and Bookkeepers of the City of New York was viewed as a primarily educational body based on a 'community of the competent' when compared with the American Association of Public Accountants (McMillan, 1999). Higher education for accounting was also more advanced in the US (Locke, 1984). The growth of business schools in US universities had led to big increases in the number of accounting lecturers and academic accounting research expanded. The American Accounting Association was first formed in 1916 with around 82 members (Zeff, 1966). Practitioner journals and the *Accounting Review*, the American Accounting Association's quarterly journal, all carried articles written by accounting academics (Zeff, 1997, p.11). These advances meant that educational practices relating to professional development in the United States expanded far more rapidly than in Great Britain, and professional and academic education for accountants grew side by side instead of separately.

⁶⁴ The Chartered Institutes only exported accountants; their qualifications were geographically restricted to Great Britain.

4.8 Conclusion

The period from 1850 to 1930 had seen a proliferation of British accounting bodies springing up. In line with similar British professions that were forming at this time, such as architecture and surveying, groups of those practising their occupation in the unregulated markets of the late nineteenth century realised that in order to protect their market from competition they would need to organise themselves into associations which would then be able to apply for state sanction of their work. As the knowledge field of accounting was so wide, there was the opportunity for a large number of bodies to form and then to seek legal recognition.

While this is a widely recognised phenomenon in the professionalisation literature, the particular point I would stress here is that the means adopted to pursue this strategy was a disciplinary one. Given that tactic, the process involved the setting up of a number of disciplinary practices around the area of education and training in order to prove that the body had a suitable credentialling system. The way in which this could be done varied according to the social and organisational context. So for the elite Chartered Institutes the form followed that of the apprenticeship system that had a long history in the United Kingdom. This was a system that relied heavily on the individual, as the principal was then responsible for ensuring that the articled clerk received the appropriate practical skills and training, as well as the education required to pass the examinations (in the absence of a mass system of formal education). Such a system relied on social networks and financial privilege, with the profession of accounting being distinctly middle class.

Although the Chartered Institutes had been granted Royal Charters on or shortly after formation, this was not sufficient for them to achieve monopoly over accounting work

as their only sanction was to prevent others using their title. Therefore other bodies sprang up to take advantage of the growing amount of accounting work. To achieve credibility, they duplicated the examination systems of the elite Chartered Institutes, but chose to vary other aspects of the credentialling system. The substitution of the articulated clerkship requirement for one relating to a number of years' practical experience in relevant accountancy work had two notable effects. Firstly, it removed the social privilege attached to becoming an accountant, opening the field to a wider range of applicants. Secondly, and this would become significant in later years (see Chapter Six), the link between passing the examinations and obtaining the relevant work experience was weakened. With the articulated clerkship, the contract documented that both practical work and the attempt at passing the examinations went hand in hand throughout the period of articles. By removing the requirement for a formal contract of articles, the ties between the practices of work and study proceeding in tandem were loosened. At this stage in the history of the ACCA, they were not severed completely. Those wishing to sit the examinations had to be employed in accountancy work and there was also the facility to take out articles if desired, but the removal of an absolute requirement for articulated clerkship was an important departure from the previous norm.

The state, in the form of various laws passed referring to accountants, played a significant role in the development of the profession in the period 1850-1930. There were two elements to this relationship. One aspect was extra-professional in that a number of laws were passed which regulated business and tax in general and how they were carried out. Such laws were concerned with the jurisdiction of accounting and auditing work and led to the formation of accounting bodies to protect their jurisdictional claims with respect to other professions, such as solicitors. The other

element related to intra-professional rivalries. Unable to prevent other less elite bodies from forming and challenging their position, the Chartered Institutes had turned to the law to try to regulate the profession. Although they were unsuccessful in achieving state registration they were successful in getting their designations included in various Acts such that other bodies of accountants were excluded. It was during the 1920s that the LAA were able to capitalise on their credentialling system. Their examination system had been set up to mirror the ICAEW system (see Table 4.4) and they were able to show that the standard of their examinations was comparable in terms of pass rates (see Table 4.2). Following criticism about the proportion of members who had gained entry based on practical experience alone, they were the first of the second tier bodies to instigate entry by examination only, which they did in 1920.⁶⁵ This strategy of proving that their system of education and training was suitably rigorous led to the puncturing of the jurisdictional boundary surrounding municipal audit in the case of the Cardiff Corporation Bill of 1930, when it was decided to include the LAA in the wording of the clause.

The LAA was also able to take advantage of overseas opportunities with its non-restrictive geographical jurisdiction. The British Empire offered openings to accountants in many aspects of colonial administration. The Chartered Institutes could only export their accountants, due to the geographical restrictions of their Charters. Along with the SIAA, the LAA was able to export its qualification to meet demand from both settler and non-settler colonies. Again, the LAA would further capitalise on its role as examining body later on in its history (see Chapter Seven), but the opportunity for overseas expansion was created from inception in 1904.

⁶⁵ Such an escalation of commitment to professional standards is noted by Richardson (1987, p.610) as

The LAA and the Corporation of Accountants began life as bodies offering alternative opportunities to those unable to access the elite Chartered Institutes or the SIAA for whatever reason. Their unique differences were rooted in their education and training system from the start. By 1930 they were well established as alternative accounting bodies with a developing identity of their own. However the major opportunities for capitalisation of the education and training system were yet to come, as they were dependent on a series of future events.

Chapter Five - Establishing a significant ‘other’ (1930-1947)

5.1 Introduction

As argued in Chapters One and Two, modern professional identity is always contingent and shifting, yet based on a substrate of disciplinary practices which have to be embraced as a precondition for engaging in the relevant ‘professionalisation project’ at all. The modern interplay of changes in disciplinary practices and movements in relevant professional knowledge and its boundaries make it a dynamic construct that exists within an open-ended and constantly expanding ecosystem. In Chapter Four I explained how initially the professional identity of certified accountants was closely related to the struggle for legal recognition, which in turn was derived from a dependence on the disciplinary practice of the examination. In this chapter I explore the nature of the change process for the nascent ACCA and its members and students in the inter-war, war and immediate post-war years.

A number of themes can be drawn out during the period 1930 - 1947. The importance of the relationship between individuals and bodies becomes apparent. The ACCA, both pre- and post- amalgamation, had not yet reached a size where there could be any real evidence of corporate strategy, rather it was the influence of key individuals, often gaining influence through the occupation of major institutional roles, which seems to have had the greatest impact on shaping the direction of the organisation. This shows up in such issues as the ‘opportunities for all’ policy, and the overseas expansion of the ACCA, and arguably brings home the importance of the ‘membership’ leg of the three-part support structure identified in the LAA Presidential Address of 1922. Growth in membership – even before there was significant amalgamation, but even more so afterwards – led to the need for a more elaborate administrative structure, which in the

ACCA as in other accountancy bodies, led to a growth in the number and significance of administrative leadership roles, e.g. the Chairmanship of key committees, and the election of top officers from their ranks. It also enabled the articulation of policy and strategy to be developed in an informal yet coherent way across time, as ‘leadership types’ emerged, either through self-selection by those who saw themselves as ‘one of us’, or through the identification and sponsorship of potential ‘leaders of tomorrow’ by the senior officers of the day.

The establishment of a committee-based administrative system and a category of leaders drawn from the membership were key aspects in the consolidation of the ACCA’s position (in England) as the third accountancy body behind the ICAEW and SIAA, as the process of amalgamation and absorption proceeded in the late 1930s and early 1940s. This chapter therefore notes how the work of specific individuals, usually from high positions within the ACCA, promoted its position as one of good standing in the business world, and in that process played a crucial role in constituting the body as a significant ‘other’ to the older bodies, in a context where chartered accountants continued to be disparaging of it, whether directly or more indirectly, in public or in private. At the same time it argues that becoming a ‘significant other’, both in the early 1930s, a period dominated by the LAA and to a lesser extent the Corporation and in the process of amalgamation leading to the formation of the ACCA as such, entailed the careful deployment of disciplinary practices. For the LAA, achieving legal recognition as being competent to perform municipal audits had required demonstrating the efficacy of their examination systems and structure of education and training. That could have potentially led to unification, but events were to show otherwise. The inferiority that the chartered bodies perceived in the latecomers could not yet be overcome, something

exemplified in the outcome of the 1930 Goschen report, which disabused the more optimistic among the certified accountants of any residual notions of easy agreement and rationalisation. Walker and Shackleton rightly comment that:

‘As a result of its institutional fragmentation, the accountancy profession in Britain has been characterised by internecine dispute and an inability to subsume perceived organisational status differentials in order to achieve regulation of the occupation by the state particularly in the period from the 1890s to 1930.’ (Walker and Shackleton, 1995, p.469).

The result, however, was that the LAA simply took up the disciplinarity-based approach in a different way, and set about improving the strength of its own position, with a two pronged strategy. It looked inwards to growing its own membership, and outwards to other similar second tier bodies with a view to amalgamation, following which the ACCA was born. By the end of the Second World War, all second tier bodies of note had been absorbed and the ACCA was poised to move forward and engage in its professionalisation project at a new level of potential parity with the senior chartered bodies.

The chapter therefore has one focus on the way that a ‘discourse of professionalism’ developed in and around the future ACCA. Leading individual figures played an important role here, in exploiting the new legal status that the LAA had won in order to promote the body’s acceptance as ‘professional’. At the same time, they were aware of the continuing differences, summed up in the lack of the ‘chartered’ label which was now widely recognised by the public at large as the mark of the ‘real’ accountant. As we shall see across the next three chapters, acquiring that label in one way or another remained a major strategic objective of the ACCA leadership across the century. When it was finally acquired in the 1990s, a significant new level of blurring of identity was

possible, and the status of the ACCA and its members as 'other' would enter a new phase.

However, during the 1930s and 1940s, both the leadership and members had to operate within a discursive context where they could be widely perceived as significantly 'other' in not having the 'chartered' label, but at the same time had to be acknowledged as 'the same' or insignificantly different, in respect of their legal status and the knowledge that they acquired and purveyed, whether in practice or the business world. This development had real discursive effects on what got said (and also now remained unsaid), not only within the ACCA, but also among their 'significant others', such as the other chartered bodies and important state and government bodies. For instance, there is a switch from the antagonistic stance of the Parliamentary Committees of the 1920s to a more conciliatory tone, and certified accountants start to be included as members of formally constituted accounting profession committees, suggesting a new degree of acceptance, whether voluntary or enforced, by their chartered and incorporated colleagues.

Such acceptance matters, even if what gets said by chartered accountants may be read as an acceptance tinged by reluctance or a residual patronising tone (as is evident in some of the statements quoted below). It contributes to a new discursive field where the identity of the certified accountant may be constructed in a much more positive way than heretofore. The gratitude that many felt at having had the opportunity to become a professional accountant at all is apparent in many observations recorded here, and can be seen as counterbalancing or even outweighing any negative feelings of being second class.

If these are aspects of a general discursive change, I am particularly interested in this chapter in tracing how the different education and training practices of the ACCA and its predecessor bodies may have contributed to the construction of a differentiated identity as professional. There are two points of differentiation that I would identify as particularly significant, at the level of practices (sc. what took place in the teaching / learning relationship).

The first is located at the informal or on-the-job level of teaching / learning, where there was a systematically different relationship to employers in the work experience process. The avoidance of articles may be seen in many respects as a positive experience. Given that the ACCA trainee was an expense, not a source of revenue, the employer had a significant incentive to use the trainee effectively from day one, and the trainee in turn had an immediate incentive to perform effectively to remain in paid work. Albeit that under both systems there was huge scope for exploitation and providing drudge labour, there was more likelihood of engaging in work that was (or could be construed as) meaningful across the training experience. One frequent consequence of this, in the discourse of the chartered accountants, was some residue of the often-traumatic rite of passage experience of being articled, e.g. through demonstrating an attitude which wished for the exclusion of non-worthy entrants to the profession as well as the replication of the same trauma / rite of passage for future chartered recruits. This kind of difference in identity was both significant and can be seen as arising directly from the differences in the education and training requirements of the two bodies.⁶⁶

⁶⁶ It should be reiterated that it was possible to undertake ACCA training and qualification via the articles route. However, only one of my respondents had paid for his articles and his negative view of how the ACCA had done nothing for him was markedly different from mainly positive or at least neutral view of all the others. This raises interesting questions about the different relationship that exists between an

The second is located at the formal or qualification-focussed level of teaching / learning. Here there was in the 1930s a major difference in the approach to learning embedded in the exam preparation process, as ACCA trainees were almost exclusively reliant on the predominantly passive and text-focussed correspondence course system. This begins to be supplemented by more active and face-to-face approaches, which entails a shift in the range of disciplinary practices through which one becomes an accountant.

The shift at the level of pedagogic discourse is part of what changes. At the start of the 1930s, when nearly all teaching and learning is done by correspondence course, there is no hint of any particular pedagogic concern over this. It is simply 'what happens' with no alternative. In contrast, learning by correspondence course is widely critiqued in the post-war period as the worst form of academic education that there is (e.g. HMSO, 1950; Solomons, 1984). Such perceptions cannot be a direct means of evaluating either the absolute or relative merits of different pedagogic approaches; however what they do show is how a virtual silence over the significance of pedagogy gave way to a concern that saw 'better' or 'worse' approaches as an integral factor in the value and success of education and training. Such concerns became a taken-for-granted aspect of what gets said concerning professionalisation projects.

Looking a little more closely at the changes in the teaching / learning relationship, one may note the following key features. The classic correspondence course can be

articled clerk who has paid a premium and the ACCA (the clerkship has been paid for therefore something is expected in return – a customer-vendor relationship) compared to the much looser relationship between the ordinary student and the ACCA (an opportunity is freely there to be taken if one is capable of aspiring to it). There is of course also an interpretational issue concerning the relation between the views expressed at such a chronological remove from the events recalled and the events themselves (and more contemporaneous feelings about them).

characterised as a relationship between the student and the content and pedagogic voice within the texts provided, with the student being otherwise a virtually isolated agent. In interaction terms, District Society lectures were a welcome supplement, and as these were often given by well-known figures from the correspondence schools they would be popular with students, subject to the constraints of physically being able to attend, for putting a human face to the previously disembodied voice. However, the pedagogic relationship between lecturer and student remained largely passive, with the asking of questions at the end of a session the only opportunity for significant interaction. A further and separate institutional development during the inter-war period was the expansion of local authority evening classes, which therefore gave the opportunity of a regular and more interactive teaching and learning relationship, within the familiar framework of the working class tradition whereby young men (predominantly) bettered themselves through evening study.

Whilst all these were significant changes, the learning experience still continued to be predominantly one of cramming for the examination, due to the large number of subjects to be taken at one sitting. However there was one final major shift that took place at the level of educational infrastructure, following (and as a result of) the Second World War. Educational opportunities at the secondary and higher educational levels were to improve dramatically for all those below the elite level who had benefited from the very limited provision available in public and grammar schools, and in universities. The full implications of this for ACCA trainees would not show through for several more decades, but there were direct changes with the provision of more and better facilities at local colleges in the form of day release and evening classes. One of the intriguing changes that works its way through to the benefit of such trainees is a double

development whereby ACCA training can be seen as a more ‘disciplinary’ training in expert knowledge as that knowledge becomes a college (and university) taught subject, and whereby on the other side the local colleges through teaching subjects such as accountancy can make increasingly insistent claims to being ‘disciplinary’ themselves, and in some cases win institutional redefinition as Colleges of Higher Education and Universities. In this changing context, the ACCA training can gain increasing credibility as an appropriate disciplinary and professional study for students in overseas countries, and one can see the ACCA explicitly promoting its liberal education and training requirements and its non-geographically constrained jurisdiction to exploit such overseas opportunities, particularly in the post-war period in those Commonwealth countries which were gaining independence.

The war clearly had a profound effect, not purely through leading to a new state educational infrastructure, but more directly in its impacts on the everyday business of doing accountancy work, e.g. through manpower shortages and disruption of the normal flow of trainees, and in the consequent effects that it had on many aspects of organisational ethos. Although this affected the accountancy profession as a whole it brought especial advantages to the ACCA, particularly in terms of student growth in the immediate post-war period. Ex-servicemen were too old to become articled clerks and so turned to the ACCA instead of the chartered bodies. The chapter discusses some of the unique experiences of those who chose the ACCA in this way, and rose to senior financial positions in their organisations as a result.

5.2 Strength through amalgamation

LAA strategy was to capitalise on the successful raising of the profile of certified accountants as accepted professionals through recognition in the Municipal

Corporations (Audit) Act. The first step was to petition for a name change to 'The Association of Certified Accountants incorporating The London Association of Accountants' (CAJ, 1933, p.9). This was considered necessary to emphasise the fact that the Association was not just a London based body, but one with members across the country as well as in the colonies. However, the Board of Trade was not able to sanction such a change. Instead, in 1934 the change of name to 'The London Association of Certified Accountants' was sanctioned (CAJ, 1934, p.147) and a motto was chosen as 'Meritum, opportunitas, officium', which can be translated as 'Merit, opportunity, duty', seen as particularly appropriate to the ideals and objects of the ACCA (AJ, 1951, p.57).

In the 1930s, LAA general policy looked at closer co-operation between the recognised accountancy bodies, and an internal committee was set up to consider co-ordinated activities (CAJ, 1934, p.123). Such an action was in line with what theorists of the 'professionalisation project' advocate in terms of moving towards market and professional closure (cf. Larson, 1977). The number of accounting bodies in existence, as summarised in Table 4.3, clearly showed opportunities for rationalisation to take place, as was the case in other professions such as medicine. There were opportunities to close the market by limiting it to a particular set of practitioners defined by competency and given a corporate identity (Richardson, 1997). In this case competency had been defined in disciplinary form with the practice of rigorous examination acting as the barrier between those deemed competent and the rest, but identity was not fully established, as there was no distinctive way to discriminate between members of the LAA, the Corporation and the other pre-1905 bodies of accountants. By pursuing this course, in 1938 the LAA amalgamated with the Corporation of Accountants to form

The Association of Certified and Corporate Accountants, Ltd. (ACCA), with a combined membership of some 6,000 (CAJ, 1939, pp.2, 16-17, 152). At a time when membership of all the accounting bodies was growing, this made the combined membership a much stronger force (see Table 5.1).

The reaction within the accountancy profession was that this was a sensible move, as these two bodies both had statutory recognition and occupied a similar position within the profession, which would now be strengthened as a result. *The Accountant* commented, in a tone that is generally positive if perhaps with a residually patronising tone:

‘Hitherto their rival claims have been a source of weakness to both, but their fusion in one body will define their position much more clearly, particularly as against the numerous small societies whose claims to be composed of accountants are not always as impressive as their high-sounding titles’ (*The Accountant*, 17 December 1939).

Certainly the timing of the amalgamation was fortuitous, and the combined body was able to take a more effective part in matters affecting the profession during the war as a result. It was also hoped that this would lead to greater co-operation between the accountancy bodies as a whole:

‘We all hope that one of the results of the clarification of the professional position will be a freer flow of that spirit of friendliness and goodwill between the constituent bodies which has been a growing feature of their relations in recent years. With due regard to their own individual and legitimate interests, it is my belief that they should stand together in self-protective collaboration so that the full force of co-ordinated action may be brought to bear in the fulfilment of those duties they owe to the public and to their members’ Thomas Goodall, Presidential Address at AGM (CAJ, 1939, p.152).

Table 5.1 Growth in membership of the main accountancy bodies 1930 - 1952

	1930	1937	1952
ICAEW	9,047	12,568	16,856
SIAA	5,225	7,216	9,518
ACCA*	4,913	5,985	8,314
ICWA	796	1,131	3,912
ICAS	2,940	4,153	5,349
IMTA	642	1,022	2,169
ICAI	261	404	860

* Combined figures for LAA and Corporation
Source: Garrett, 1961, Appendix II, adapted.

Table 5.2 Numbers of ACCA students sitting examinations 1937-1945

Year	Total	Pass	Percentage
1937	1,821	885	49%
1938	1,837	891	49%
1939	1,542	732	48%
1940	1,257	629	50%
1941	717	342	48%
1942	401	197	49%
1943	958	431	45%
1944	987	391	40%
1945	1,090	510	47%

Source: CAJ various issues

In 1941 the ACCA amalgamated with the Institute of Certified Public Accountants (ICPA) (CAJ, 1941, pp. 200, 215, 221-224). This was a more important step than the figures seemed to suggest.⁶⁷ At the time of the ACCA/Corporation amalgamation the president of the ICAEW had commented that it was a pity that the ICPA had been left out. Shortly afterwards the ICPA had subsumed the Central Association, and had amended its articles and regulations to include admission by examination only. This placed its position clearly on a par with the LAA/Corporation in being an accounting body of rigorous standards. However the opportunity to then gain explicit legal recognition (putting it legally on the same footing as the LAA/Corporation and the chartered bodies) had been removed by the passing of the Municipal Corporations (Audit) Act in 1933. The amalgamation now with the ACCA created a clear line of distinction between those bodies with sufficient standards to merit statutory recognition, and those of perceived lower status, who did not yet require admission on the basis of examination. *The Accountant* (1941, October 11th) commented as follows:

‘This last amalgamation has enabled a clearly defined line to be drawn, within which are the societies that have been incorporated for over 35 years and are statutorily recognised in this country. Three Scottish societies, the English Institute, the Society of Incorporated Accountants, and the ACCA as enlarged by the fusion with the ICPA. With the exception of the ICWA which, as its name implies, caters for a specialist class, no other society of accountants was formed until nearly twenty years after the latest of the bodies mentioned above.’

It is interesting to note how the rhetoric of the previously antagonistic voice of the ICAEW has in this extract changed to acceptance and even praise of certified accountants (although again there is a hint of an undertone of superior difference in the

⁶⁷ The ICPA membership was less than 2% of the bodies of accountants deemed to be ‘within the fold’, i.e. recognised within company law. However, it was the only long-standing body remaining outside a formal recognition in law, which was seen as creating a breach in what had become a well-defined line

use of the term 'class' to refer to the ICWA). This change in discursive tone and the reconciliatory nature of the content of editorials from the chartered accountants shows how the formal rhetoric of the ICAEW was now phrased in terms that accepted the ACCA as a legitimate and worthy member of the accounting profession, with appropriate regulations and standards. However, this official diplomatic line was not held informally by senior officials as the ACCA and its members were still viewed as inferior to the elite in private discussions (Walker and Shackleton, 1995).

5.2.1 The effect of the war on the rationalisation process

The war appeared to be a good thing for the ACCA as it gave the opportunity for co-operation with other recognised accountancy bodies towards the war effort (CAJ, 1941, pp.88-89). This in turn led to renewed planning for the profession – with the ACCA believing, erroneously as it turned out, that it would now take a much larger part.

The importance of the role of individuals in promoting the Association particularly stands out, particularly during the war years. The brothers Lord Latham of Hendon and John Christmas Latham were key figures in the advancement of the ACCA.⁶⁸ Lord Latham of Hendon was the Leader of London County Council during the war, the first leader to become a life member of the House of Lords. He was therefore in a position where he was able to put forward the democratic nature of the ACCA to an influential network of people. The CAJ (1942, p.70) quotes him as:

‘a bitter opponent of injustice and unfair indiscrimination... the only test was ability to do the job and to do it conscientiously and well. The old school tie should not confer any accidental advantage upon its wearer.’

separating long-established bodies of accountants from the extrinsic bodies formed more than twenty years afterwards.

⁶⁸ A third brother, George, was an MP in Sheffield.

Lord Latham's brother, John Christmas Latham, was Secretary of the ACCA for some thirty years, and was heavily involved in the parliamentary work of the 1920s. His long service and his experience of cross-examination meant that he was very aware of what the ACCA needed to do to enhance its status. In Scotland another ACCA member, Biggar, was Lord Provost of Glasgow during the war, another influential position (CAJ, 1942, p.69). These figures helped to raise the profile of the ACCA during the war, elevating its status nearer that of the other Institutes and Societies. Prior to the 1960s accountancy firms were still relatively small, and the growth of big corporations in the UK with large audit firms to match had not yet happened. Geddes comments how up until 1945 it is individuals, not firms, who are identified even in terms of the ICAEW (Geddes, 1995, p.88), and this was particularly the case in the provinces (cf. Parker, 2000).

The control and organisation of the accounting profession was still of concern to many accountants and other interested parties, with issues such as the division of accountants into differing work roles (practice versus industry and commerce) and the question of registration once again raising their heads, partly due to the prominence that the war was giving to the role of accountancy (CAJ, 1942, pp, 84, 89). The importance of this latter point is rarely noted in the critical literature except by Walker and Shackleton, who regard the co-ordination movement as playing a substantial prelude to explaining the subsequent integration moves of the following decade (Walker and Shackleton, 1995, p.468). The ACCA had at formation deliberately set out to be different from the chartered and incorporated bodies in terms of its educational and training requirements, and this caused problems as it meant that a large number of members did not have any experience in practice, unlike the chartered accountants who, even if they now worked

in industry and commerce, had been required to complete articles in public practice as part of their training requirements.

A co-ordinating committee was formed with members from the ICAEW, ICAS, SIA and ACCA to consider a Bill to go before Parliament designed to place the profession of accounting on a properly organised basis (CAJ, 1943, p.58). There was little reporting of this committee in the journals, indicating that progress was slow and it was difficult to reach agreement between the various members of the different bodies. Walker and Shackleton note that the evidence showed that even though the ACCA was regarded of sufficient standing to be part of the committee it was still regarded as a mediocre body, whose input was not welcomed by the ICAEW (1995, p.483).

However, a draft Public Accountants' Bill was approved by the various accounting bodies in 1946, providing for the setting up of two Public Accountants' Councils, one for England and Wales and the other for Scotland. The main functions of the Councils would be to promote the interests of the accountancy profession, to co-ordinate the work of the various accounting bodies and to issue licences to all Public Accountants. They would also carry disciplinary powers with a Register of Recognised Bodies being held (CAJ, 1946, pp.109-110). When the Bill was scrutinised it became apparent that the definition of 'public accountant' was problematic, as it was narrowly defined in the Bill, and thus excluded large numbers of accountants who were engaged in accountancy work, but whose main occupation was not public practice (Walker and Shackleton, 1995, pp.481-2). The importance of the non-practising accountant was a particular issue for the ACCA as the majority of its members fell into that category and would therefore not be licensed under the terms of the Bill (CAJ, 1943, p.77). Alterations to the Bill

were put forward by a number of parties, but a resolution resulting in legislation was never reached. In the end the Bill foundered, being overtaken by the proposals arising from the Cohen Report on Company Law Amendment which shifted the focus of concern to the issue of who should be legally permitted to undertake auditing (Walker and Shackleton, 1995, p.482). The implications of this company law reform for the ACCA, with particular reference to the issue of who could be defined as an *accounting* professional, will be discussed in the next chapter.

5.3 Overseas recognition

There is no indication that the LAA set out to be a global body, but from the early years, there had been overseas members, with the 1913 Diary recording approximately one hundred, predominantly from the Colonies, particularly India, South Africa and Malaysia. The LAA saw its role very much as giving opportunity to those who wished to become accountants but were denied entry by the older bodies. Now extending this opportunity to potential members overseas was therefore very much in line with its initially stated concerns and objectives. The LAA did not devote much attention prior to World War Two to developing an overt overseas strategy, for example putting considerably less effort into such activities than the SIAA as no official overseas visits were made. Nevertheless, overseas students regularly took and passed examinations and were admitted to membership, and the President did make the claim as early as 1923 that the LAA was the largest examining accountancy body in the world (CAJ, 1923, p.295). Johnson and Caygill (1971, p.169) therefore argue that the LAA ‘was already espousing an Empire policy which was, if anything, more open and vigorous than that of the Society’ (sc. the SIAA), but they offer little other evidence to support this, and do not seem to recognise the activity of the Corporation of Accountants, which also had an overseas element amongst its membership.

As the status of the LAA grew, recognition overseas began to follow a similar pattern to the UK. Recognition was gained on a piecemeal basis, colony by colony (e.g. Kenya, Malaysia) until in 1932 full recognition was given to the LAA in all colonies, protectorates and mandated territories (CAJ, 1932, p.100). Following this it is apparent that there was a significant increase in overseas activities, with the LAA opening a branch in Malaya in October 1936 and continuing work in South Africa, as well as sending representatives to attend conferences in Australia, Holland and Germany during 1936 (CAJ, 1937, pp.115-116).

This expansion in activity did not however take place in a vacuum. The new overseas LAA/ACCA branches co-existed alongside the development of offices throughout the Empire linked to the large London-based firms of chartered accountants, who wished to ensure that they retained an interest in the business affairs of corporations across the different countries. It appears that frequently the firms hired promising young people locally and put them through the LAA/ACCA training, while reserving most of the senior positions for expatriates with chartered qualifications, a practice that continued into the postcolonial era (cf. Annisette, 2000). So far as concerns the 1930s conferences, the ACCA and its forerunners would appear to have played a minor role and perhaps were concerned primarily simply to have some visibility, as it was the chartered and Scottish chartered accountants who were much more concerned to protect the interests of British capital in Europe (Walker, 2000).

Unsurprisingly, from the viewpoint of a disciplinary analysis, a key aspect of the overseas expansion was the establishment of local examination centres. Johnson and

Caygill (1971) record that by 1935 there were already thirty-two such centres. This gave students the opportunity to study for an internationally recognised qualification without incurring the significant financial expenditure of leaving their own country for a number of years, although no doubt there were significant problems in studying without adequate materials or support.

5.4 The role of education and training

The 1930s were a time of consolidation for the LAA as, having achieved recognition in law, partly through the defence of its examination standards, it was able to trade on its new status in attracting students. Their distinctive education and training requirements – especially the ‘meritocratic’ approach to gaining work experience and the contingent separation of the process of gaining such experience from that of examination-passing – now began to show through as giving them some distinct advantages in student recruitment.

5.4.1 Commitment to student growth

Given its background and approach to qualification, the LAA remained the object of choice for committed students from less well-off backgrounds, and so unsurprisingly devoted much time in the official rhetoric of presidential addresses and annual conferences to the issue of providing what at the time was considered to be ‘suitable’ vocational and professional education to those required to leave school at an early age and to pursue further study whilst working. The opportunities offered by the LAA were extremely beneficial to those who would not otherwise have been able to gain membership of a recognised accountancy body, due to their family background.

None of the accountants that I interviewed came from a background where their parent was an accountant. This is not particularly surprising, as the LAA was still seeking to establish itself in the early 1930s, and the numbers of LAA and Corporation accountants were still low. As a consequence, there were no obvious or familiar reference points in the acquisition of a professional identity for these certified accountants who, for example, came from working class homes with no direct experience of higher level study or of professional life. Even those interviewees who came from backgrounds where their parents were involved in business or similar and thus had a certain amount of cash behind them, tended to have only partial or ad hoc reference points in this regard. Where there was no accountancy tradition in the family, it was not unlikely that what occurred was a 'second-best' solution to initial parental hopes and expectations. Such was the case for this respondent, who was articled to an accountant known to his father:

'My father was a jeweller, and I was lousy with my hands, and Dad said, "This is pointless. You're no good with your hands, but according to your Headmaster, you're good at figures. I'll go and see So-and-so and I'll get you articled for five years and you can try accountancy".... in the 1930s, unless your father had the money to keep you, you never got into an accountant's office.' (Mr O)

One may see in this narrative a range of conflicting emotions in play. This particular respondent had already failed to get into grammar school and so a lot was riding on now achieving success in this alternative rite of passage from schoolboy to professional man. The respondent draws a poignant contrast with those who did fail, which perhaps evokes or recalls something of the pressure he himself felt, based on the knowledge that his father expected him to succeed:

'...and I felt sorry for the blokes who failed their exams. As I say, after you failed once or twice, it must have been heartbreaking. Luckily I passed first time interim and first time finals. I felt good after that. But if I'd have failed, I don't know what I'd have done, because, in those days,

the money that was knocking about to go to college - I failed to get into Grammar School. There was only one Grammar School in Essex anyway - Colchester Old Grammar School. It's got a royal patronage, but I failed. I thought that was the end of the world because there were so few admitted every year. ...Well it was a case of honour. I thought "Dad has worked all his blooming days to" ...I thought if I fail, I've let him down. No way. I stayed up until 2.00am even though he blamed me for wasting the electricity.' (Mr O)

Lack of even this level of finance denied most educational opportunity to bright students from poor backgrounds. A number of respondents would have liked to go on to university, and were encouraged to do so by their school, but family circumstances did not permit it. In this context, the flexible certified qualification could be a veritable lifeline, as two respondents recall:

'My schoolmasters wanted me to. They wanted me to go on to university, and I wanted to, but my father was dying. He died the year after I started work. And so we were pretty poor anyhow. So there wasn't really ... even with a scholarship there wasn't really much chance that I would go to university' (Mr D)

'But the parents couldn't afford to send me to university which I would have liked to have gone, I'd like to have done that. So a friend of ours recommended us to a certified accountant and I was able to take up articles with him without paying the premium and given a little bit of pocket money which was unusual in those days.' (Mr E)

Overall during the 1930s and 1940s the ACCA and its forerunners provided opportunities in two distinct ways for those who had developed a conscious desire to become an accountant but who were for one reason or another unable to enter the chartered bodies. Firstly, for those who started work before the war, it gave the opportunity to enter the accounting profession without having to belong already to the right class, and without having to have financial resources, as was the case for the following respondent:

'So I looked around, and, of course, I had no chance of articles anywhere and as I'd got this particular job, [*working for a member of the British*

Association of Accountants] I thought “well....” I discovered the London Association, as it was then, and I thought “I must go for that.” The Society of the Incorporated used to have some admissions without articles - what they called the “bylaw candidates”. You had to have 9 years not that that would have bothered me, but, you see, you had to do your 9 years either with a chartered or an incorporated. So that cut me out.’ (Mr D)

Secondly, after the war, the ACCA provided a new range of opportunities to those who had been, in effect, ‘displaced’ through their war time service from the previous life that they would have known, as this respondent found out, in what he relays as a classic ‘lucky break’ story:

I began in the City of London in insurance - insurance brokers in Leadenhall Street and I should have really started the insurance examinations... The war came and I went into the Air Force... In 1945 when the war was coming to its close I thought “well, I’ve got to do something about earning some money”.... I felt I wasn’t really making much progress with getting into accountancy through the profession...I thought I’d got to approach industry. **** gave me an interview and the Starting Officer said “well I think the Chief Accountant would like to see you”... he said “well there is a job here for you because the person doing it wants to move to New Zealand and I’d like you to start on Monday.” (Mr P)

The flexibility offered by the ACCA and its predecessor bodies, with students being able to work in industry and commerce as an alternative to public practice, also enhanced its attractiveness to potential entrants.

5.4.2 Provision for training without articles

Following the 1938 amalgamation, many respondents found the ACCA to be the one accountancy body that did give them an opportunity to prove themselves. Those who started off in public practice found the ACCA offered the way forward when they were unable to get articles (which had to be with an Incorporated Accountant in order to enter the Society of Incorporated Accountants, or with chartered for ICAEW and ICAS):

‘But as I hadn’t been under articles to the partners who were all chartered accountants, I had to look for something else, you know, and so I looked for the Association.’ (Mr J)

At this stage, the reason for being unable to get articles tended to be lack of money rather than lack of education, as the premiums to be paid were beyond the reach of many families, which was a matter of particular concern to those who might otherwise have been a ‘natural constituency’ for accountancy training, among the middle and lower middle classes. So we find a figure such as the Chairman of the Headmasters’ Employment Committee expressing the conviction that premiums should be abolished, stating that ‘this survival... has debarred many gifted young people to everyone’s loss.’ An article in the Observer followed a similar line (CAJ, 1943, p.161; 1944, 164). Naturally the ACCA were in agreement, and it may have seemed that they were poised to ride a new meritocratic wave, given the sort of changes in society that came into effect following the war, with the development of the provision of secondary education and health care for all, free at the point of delivery.

But in the accountancy field, there was no immediate meritocratic change. Respondents training across the 1930s and 1940s continued to comment that they were unable to become chartered accountants due to the problem of having to take out articles. With some, their parents were not able to afford the premiums demanded by chartered firms, but were able to come up with the lower sum that could secure training under articles as a certified accountant. This was particularly so prior to World War Two, when a scale operated, as typified by this quote:

‘Well, you were articled to the firm that you could afford to be articled to.’ (Mr O)

This led to predictable resentments insofar as the system reinforced impressions that the distinction between chartered, incorporated and certified accountants was not based on educational ability, but on financial and status privilege:

‘One or two of the articled clerks with me were from the Royal Grammar School. I don't think they got in on merit. I think they got in because their fathers were big.’(Mr O)

Aspirations and hopes could be raised initially, only to founder on the rock of financial realities. As one respondent observed, who initially harboured hopes of becoming a Scottish CA:

‘I wanted to be a Scottish CA. I think actually my father spoke to a chap while I was in the army and I think he offered to my father that he would take me on articles when I came out of the forces, but there was a premium of about £4,000’ (Mr J)

With others, by the time they were looking to enter accountancy, they needed to support themselves and possibly a family and so paying for articles was inappropriate if not out of the question. Articled clerks typically needed to be young men with few financial ties, and so tended to be still living at home, aged from about 16 to 20, with parents who could afford to support them. Here the war had an extra effect, where many of my respondents lost the opportunity to be in this category, as they had spent the relevant years in the armed forces.

5.4.3 Open access policy

The ACCA continued the LAA open access policy which allowed those who had left school with no qualifications to enter the profession at the Preliminary Stage. The following interviewee had originally begun his working life as an apprentice tailor, but then gained a post with an accounting firm in Birmingham in the late 1930s:

‘So then was the case of getting the preliminary of the certified accountants, very different in those days. I had to take the preliminary

certified accountants examination they don't do it now...And I'm pleased to say that I got first place in it. But I was aged 22 when I got that, and other people got their final, they've passed their final accountancy exams by that time in those days.' (Mr G)

Many respondents still saw the open access policy as extremely commendable, whether or not they themselves took advantage of it:

'I think that that was the one thing that the ACCA had that the others didn't have. They did offer a young man or a young woman who knew nothing about anything to start... I had got exemption because I had a higher school certificate but I needn't have had them. I could still have studied for the preliminary and gone all the way through. Now at that time I don't think there was any other institute that allowed you to do that.... I mean that was one thing about the ACCA which I thought was good. You know, it gave anybody, even if they had not done too well at school, it gave them a chance to get a footing, you know.' (Mr J)

'I think it's really the open door policy of the certified that certainly attracted me and I think it still probably does apply to most prospective students.' (Mr P)

This gave the ACCA the opportunity to enrol students who had left school without a school certificate for whatever reason, whether it was financial, the war, family circumstances, and to give them the opportunity to gain a professional qualification, although it would not be an easy route, as educational facilities were in their infancy and many employers did not encourage study.

5.5 Provision of educational facilities

The level of educational provision was something that the ACCA and its forerunners did begin to address in various ways during the 1930s. The LAA reorganised its student societies in 1934 and they began to flourish, providing a regular lecture programme for students studying for the Intermediate and Final stages of the examinations. As circumstances forced most students to study by correspondence course, such meetings

were welcomed by those able to attend, because of the opportunity for face-to-face contact:

‘there were monthly meetings of the Certified Accountants Students’ Society, we used to go to at least once a month, we used to go to the Chamber of Commerce which was then in New Street and we had a lecturer and this we found very useful because you'd read things, it's all very well reading a correspondence course but you really want someone to trigger off and give you a picture of what it really means. Some of these chappies they'll probably talk about taxation or preparation of accounts or something like that and they gave us sort of practical experience. That was the only sort of help we got.’ (Mr E)

It was certainly beneficial to have topics and techniques explained to them:

‘I found that picking up a text book and spending two evenings and reading the books from cover to cover, I discovered when I'd finished ... I could get a better grip by having somebody talk to me and then getting hold of a text book and reading it out because I could understand more what the author was driving at having had somebody giving me a good base.’ (Mr O)

In addition, there was a growing range of textbooks being published for students with titles such as ‘*Examination Notes on Mercantile Law*’ and ‘*Examination Notes on Foreign Exchange*’, which summarised the main points needed for professional examination, and which included past examination questions from the ACCA and other bodies. These were clearly popular with students. Local district societies began to play a key role in enhancing the level of provision by running libraries which enabled students to have access to these and other study aids:

‘I'd go along and get books out of that local library the certified accountants used to keep and that was one of things that I'd looked at, because you can slip up so easily if you think you've learnt particularly when you've got a correspondence course and it doesn't give you much guidance that way, you want to know what you are up against so you go along and get copies of old examination papers and study them.’ (Mr E)

There was frequent mention of the study of past examination papers by interviewees, which is arguably one sign of how limited their vision of ‘learning accounting’ was.

Only one respondent reflected in a way that suggested having felt and enjoyed an educational experience that made sense at more than an instrumental level. However, in this one case, the sense of seeing everything coming together is striking:

‘...I think I had a week off to study for my finals and they let me have a week off, it was a privilege in those days to have a week off I can tell you. We had a week off for that and accordingly when it was the end of that week of studying, it was the first time that I'd got a complete, as you say, circle of what I've been actually doing. As to the economic purpose of accountancy and the social purpose of it and you sort of sat back and said "my god it all fits in beautifully".... your mind sort of took it all in, oh my gosh this is marvellous because it all fitted in...' (Mr G)

This almost aesthetic sense of it all ‘making sense’ is perhaps a reminder that pedagogic methods do not absolutely determine learners’ responses, and that critical reflection does not have to be fostered explicitly in order to occur (even if we may want to argue that it remains an important and relevant objective).

Looking at the overall development of the education system, there is a clear trend of growing numbers and expanding facilities to meet the new demands. However, the expansion should not necessarily be seen as a clearly defined and pursued strategy. It frequently seems more a series of responses, variously felt as appropriate and sponsored by key individuals either at central or local level, given either some growth in student demand or some perceived need to be up-to-date in the provision of relevant expert knowledge. But the net result was that trainees had access to a new quality of provision in terms of written materials, lectures and exam preparation classes, which therefore became part of the ‘training scenery. The following respondent puts it thus:

‘As I say, as a student it was the Central London District Society. Work permitting, I used to go whenever I could ... I mean, if I was away on audit, I just couldn't do it, but I suppose I attended a fair number of lectures and training..’ (Mr J)

One striking example of a key individual making a difference comes in the following recollection:

‘.....we had a National President, Edgar Spencer. He was a great help to students. He was a certified accountant back then. A certified accountant in practice in Nottingham. ...He had his own firm. And he became National President. And I used to attend the lectures. We had a course going, as you do now, with the District Society. You're familiar with the District Society arrangement aren't you? And I made a point of trying to attend those monthly meetings, but, I just mention, the situation then was that, as a student, you attended with trepidation because they had quite a notable speaker from London. But Edgar Spencer would say during the meeting "now I want you to propose a vote of thanks". I'd never spoken in public before. So at the end of the lecture ... well you didn't enjoy the lecture - it was so irrelevant. But generally to prepare you which was a very good thing. And also he formed a students' society while I was there....But after the war, Edgar Spencer was very keen on getting a student society going, and he made me Treasurer, not that there was much involved. But he involved you in his duties, which was a very good thing. And I did find the lectures very helpful really.’ (Mr P)

Obviously the recollection conveys some ambivalence about the practical value of the lectures, but their symbolic value as part of becoming a professional is clear, and of being linked into a larger and significant ‘whole’.

Alongside these changes, the growth of student demand led to the setting up of more formal administrative machinery, which in itself is another aspect of developing the institutional image of the professional body. A compulsory scheme of registration of students was introduced from 1937 to cope with the growing numbers wishing to sit the examinations (CAJ, 1936, p.273). By the end of 1937 there were 3,375 students and graduates recorded (CAJ, 1938, p.163). Also in 1937, the practice of issuing fail forms to unsuccessful candidates was discontinued, on the advice of the Board of Examiners, the rationale being that candidates, on being told which subjects they had failed, devoted too much time to these subjects to the detriment of the others at their next attempt. This decision was obviously unpopular and the subject of some correspondence

in *The Accountant* as a result (CAJ, 1937, p.299). It could also be contrasted unfavourably with the amount of information supplied to candidates elsewhere, with the case of America being mentioned at one point, where marks were given and examination papers were able to be reviewed (Letter, AJ, 1951, p.183). However, these were simply alternative ways of handling anomalies and problems in what was now a bureaucratic / professional examining process.

A new level of institutionalisation was also reached in the training process from 1936, when the Balham and Tooting Day School of Commerce commenced classes covering the Intermediate Stage of the syllabus (CAJ, 1938, p.240), to be followed by the South-West Essex Technical College opening in 1938 (CAJ, 1938, p.282). These were arguably new activities relating more to the expansion in local authority provision for further education than a direct response to demands from the professional bodies. Nevertheless, such provision promoted the sense of accounting as a formalised field of knowledge capable of being studied in this kind of institutional setting, which reflected favourably on the ACCA's status as 'serious knowledge' body. A few interviewees recall attending evening classes for at least part of their studies:

'I went to night school at Rugby Technical College taking bookkeeping, accountancy, commercial law.' (Mr B)

'Yes, the LCC evening institute. I've been to the local one. I did that for 2 years and then I thought "I've got to be 20 to enter for the final exam" and you've got to be 21 before you can be a member. And so in the third year I went to the City of London College which is evenings. It's now the Guildhall University.' (Mr D)

This last observation brings home the point made earlier, that there was a form of mutual or reciprocal advantage at work here over time. London Guildhall is just one example of an institutionalisation process that has enabled entities which began by

offering courses to ACCA trainees to become full-service universities offering undergraduate and postgraduate accounting and management education, including MBAs. This is a significant disciplinary development in its own right, to put alongside the professionalisation project of bodies like the ACCA.

One may also note that independently levels and types of business and management training were beginning to take off in the 'old' British universities, with courses such as industrial administration in Manchester and business administration at the LSE being developed (Sanderson, 1972, pp. 264-5). These were understandably popular with (mainly large) employers, although many still persisted in believing that a broad liberal education was of more value. However, they would only expand in a significant way in the 1960s. There was a notable contrast with many other countries where a relevant accounting degree was already becoming a pre-requisite to qualifying.

Of more immediate significance in this context was the expansion following the ACCA amalgamation of 1938, when student numbers increased to over 6,200, with around 2,800 examinees. Separate examinations were held for both LAA and Corporation trainees for some considerable time, with rationalisation in terms of dates and venues taking place only gradually (CAJ, 1939, pp.103-4). LAA examinations continued, and Corporation students transferred to the LAA structure on completion of the relevant stage of their own structure.

When war broke out, examinations were suspended at the start and then later resumed at a number of centres. There were various war time concessions as examinations continued at limited centres (CAJ, 1940, pp. 5,76,89), although overseas examinations

were soon cancelled for the duration (CAJ, 1940, p.193). The Red Cross did manage to organise examinations for a small number of POWs (CAJ, 1944, p.49). There were contributions to the journal advising students as to how to prepare for examinations (e.g. CAJ, 1941, pp.119-120) as disappointment in exam results continued (CAJ, 1941, pp.66-67). The ACCA was soon recognised in the schedule of reserved occupations (CAJ, 1940, p.86), but number of students sitting examinations fell by around a third to a half for the duration of the war (see Table 5.2).

Many students did not really have any extended study opportunities, and this restricted the development of their learning experience. At the same time, recommended approaches to learning tended still to focus on a surface rather than a deep approach.⁶⁹ In fact, many students had to be their own teachers, as they had very limited contact with tutors or lecturers. There were no training packages of the kind common today, and all of my interviewees had to finance their own studying. This cannot have been easy on the small salaries that many were earning. As far as the recollections gathered here are concerned, employers (except in rare cases where an individual acted in the mentor role) were typically seen as not deliberately obstructive, but not particularly supportive either. The nature of the problems encountered differed between public practice and industry. In practice, if it was a one-man practice, then conditions tended to be very limited and work experience could be poor. In effect, there was an apparent non-presence of learning in the workplace, with the accounting clerk just there to get a job of work done.

⁶⁹ The surface-depth distinction is Marton and Saljo's (1976). A student taking a deep approach tries to make sense of what is to be learnt in terms of ideas and concepts. In contrast a student adopting a surface approach takes a more reproductive stance, seeing what is to be learnt as a series of unconnected facts that need to be memorised for regurgitation in the examination. There is nothing in the 'advice literature' surrounding the ACCA examinations during the 1930s and 1940s that suggests that gaining accounting knowledge should be seen as a 'deep learning' process.

Although under articles of clerkship there were training obligations on the principal these were unlikely to be adhered to:

‘Oh yes, and I used to work overtime for nothing as well. And their obligation to give me a fortnight off before an exam was never honoured. I never had a minute off to do studying before exam. I used to stay up until 2.00am in the morning.’ (Mr O)

In industry the problems were different, probably because it was not the norm for office staff to be studying for qualifications. Other workplace peers would not be taking examinations and so learning was not so much a non-presence as something completely invisible. Accounting knowledge might be recognised as necessary to the business, but it was not therefore relevant or necessary to qualify:

‘But in the earlier office in Liverpool there was no encouragement to take examinations to qualify.’ (Mr W)

This non-recognition of the value of training and professional qualification meant that the learning experience was characterised by struggle. Several respondents spoke with feeling as they remembered the great effort that it was to study and qualify, as illustrated by the following:

‘Now, in regard to study, we didn’t get any study leave either for study work or for the examination preparation or in the week before the exams. One of the difficulties really in industry at that time was that we were working something like a forty-five hour week and very often we were expected to work overtime and there was a conflict there, really, between studies and your duty to your employer. At that time there were no concessions from our employer to encourage examinations.’ (Mr P)

With so many demands being placed on them by their work, most such respondents did not take advantage of the new facilities but studied by correspondence course. A number of ‘correspondence colleges’ existed for this purpose, advertising in the Journal and newspapers:

‘First of all I had to take the preliminary exams because I hadn't got a school certificate or any qualification. I took the preliminary exams, passed the preliminary exams and then started on the intermediate exams and it was done with the Rapid Results College which was the main college...- we did a hand-written home course in accountancy.’ (Mr L)

The downside for students was the lack of tuition as they were dependent on doing the learning for themselves without the benefits of explanation. The predominant character of the teaching and learning experience of the time is perhaps summed up in the following quote from a respondent who was trying to complete his exams as the war started:

‘I had to teach myself, get education myself by correspondence course.’
(Mr E)

Some correspondence courses did include a small element of interaction as work could be sent to a tutor for marking which was then returned with comments on it. In addition they met an important need, as accountancy exams at that time involved a large amount of rote learning, particularly on the legal and related subjects. Therefore a correspondence course containing all the relevant and, more importantly in a subject where there are changes every year, up-to-date material in one place was very useful.

The following reflection captures the key virtues of the approach, at its best:

‘Oh you had to send work to the tutor, yes, they'd send you a package of things and a book and the books on each subject and you have to, they give you chapters to read and they would give you notes about it... and then you'd have to write and answer questions on that and send it through the post to them and they'd send you the next lot of things you see....And they would send it back marked with comments on it.

AS - Was that helpful or can't you remember, it was a long time ago.

Yes I think it was, I suppose. They would come up with these various comments on it and I somehow managed to struggle through anyway. But a lot of accounting is learning practical things rather than theoretical things. I suppose it is helpful in that way, I mean there are facts aren't there. If you are studying income taxes it's a whole lot of facts by Act of Parliament case laws. You pick out the ones which are relevant, in the

other statistics you've got to learn various kinds of averages and things and work backwards from that. There again I think it is something you can do from books.' (Mr E)

This quote also nicely points up the belief held by many qualified accountants with a lack of academic education that accounting is not a theoretical subject, and reminds us how such a view was likely to be reinforced by the learning experience promulgated by both the correspondence course and the model of coaching purely for the examination rather than for deep understanding of the subject material.

It is also important to recognise how far such a system was reinforced by the style of examinations at the time. There had been little change since the inception of examinations as to how questions were set.⁷⁰ Typically they were brief, requiring the demonstration of knowledge of general principles and specific facts. So for the *Auditing and Investigations* Final II Examination paper, December 1960, Question 1 asks:

'What is the status of an auditor of a limited company, why is it important that his position should be clearly defined and what are his powers and duties under the Companies Act, 1948? (16 marks)'

Question 11 on the *Mercantile Law and the Law relating to Bankruptcy* Paper of the same diet asks:

- (a) How, when and by whom is called the first meeting of creditors in a bankruptcy?
- (b) What is the purpose of the meeting?
- (c) Who is entitled to vote at the meeting? (8 marks)

Such a style promoted the straightforward regurgitation of material previously ingested and committed to memory (cf. Hoskin and Geddes, 1997).

⁷⁰ A comparison of the LAA 1907 and the ACCA 1960 examination papers shows little change in the style and format of the questions, and also indicates a continuance of the tradition noted in Chapter Four when reviewing the early ICAEW format, although the amount of subject material has increased considerably.

The poor learning experience of students was also typified by the practice of question-spotting rather than studying to understand the subject:

‘When you move to a strange town you don't know your way around in terms of finding the facilities so easily. So night school drops out now and I'm relying upon the correspondence course for the IMTA and such research as you can do by getting things like all the back examination papers and plotting them down and seeing whether it's the turn this year for that question to come, and effectively you're picking and spotting the questions rather than learning subjects, I hasten to say.’ (Mr B)

Clearly only those students with perseverance continued long enough to pass all their examinations and gain admission to membership. Most respondents who were students before or during World War Two took several attempts to pass, and the correspondence course with its total emphasis on self-discipline, in the behavioural aspect of becoming disciplinary, offered no external encouragement to students to complete their studies. Indeed it was typically down to individuals' self-determination not to give up:

‘...it's not everyone that suited to the correspondence course, and you've got to have a purpose I think and really stick to it, particularly when you've got your prior commitments. I was also interested in music, which I had to keep at a very low key at that time. So you've really got to get your balance of time and interest and the disappointment with the failures of exams - you've got to stick at it’ (Mr P)

This attenuated type of educational experience persisted and was unsurprisingly accepted as the norm by the professional accounting students of the day, despite the fact that in the higher education sector there existed an alternative learning and teaching model in the business departments and faculties of commerce which, as noted above (e.g. LSE, Manchester, Birmingham), were now offering commerce courses to undergraduates. It also compared unfavourably to the increasingly visible American experience, where accounting had become part of the Business School provision.

However, in the post-war period, these different experiences remained essentially parts of separate educational worlds. Even while the British government recognised that there

were deficiencies in the provision of commercial education in the commercial college sector and took steps to initiate discussion, there was no particular linkage made to the new kind of university provision and approach.

5.5. 1 Changes in the educational system

It may seem strange that war time should be a time of educational debate, but Simon (1991, p.34) comments on the 'striking fact' that each of the three main Education Acts of the twentieth century (before the exceptional case of the 1988 Act) was carried through as an immediate result of war. In line with its open access policy, giving opportunity to all who could benefit from it, the ACCA followed the progressive strand of thinking which advocated that there should be primary education up to the age of 12, with all education after that age to be secondary, and that all post-primary schools should be free, open to all and of equal status (Simon, 1974, 1991). The school leaving age should be 16, with day continuation classes to 18 for all those who left at 16 (CAJ, 1942, p.161). The Butler Act of 1944 delivered much of the progressive agenda, with the support of the Tory part of the coalition government, and was widely seen as a triumph for democracy.

The Act embedded and retained a lot of old status differences under new guises, particularly with the differentiation of three types of secondary provision, supposedly to meet the three different kinds of 'mind'. So what appeared in the White Paper on Educational Reconstruction in 1943 did not necessarily follow through in the initial format. This was so in relation to professional training in accountancy. The ACCA had commented favourably on the proposals in the White Paper (CAJ, 1943, pp.144-146), with the importance of the dual roles of theoretical knowledge and practical experience being emphasised, and the possible role of the universities in vocational training being

discussed. Looking beyond medicine and law, the White Paper had identified the particular problems of the English accountancy profession, with its lack of a unified body and hence the difficulties of matching a university course, being highlighted.⁷¹

This led to the Universities Scheme, set up following the McNair Report of 1944, which led to the establishment of degrees in accounting, economics and law at a number of English universities. Potentially this was a significant step towards the closing of the disciplinary circle, through bringing the professional and academic disciplinary knowledge projects together. The accounting initiative signalled that kind of closure, being regulated by the Joint Standing Committee of the Universities and the Accountancy Profession (represented significantly by chartered, incorporated *and* certified accountants), thus providing a new formal basis for bringing accounting academics into closer contact with the accounting profession (Zeff, 1997, p.10). In addition, a new kind of link at the examination level was created, as students graduating from such degree programmes were exempt from the Intermediate stage of the professional examinations (Solomons, 1974, pp.37-40).

However in practice the Scheme proved premature. Numbers remained relatively small, particularly in comparison to the numbers studying accountancy in the United States, and also to numbers studying law degrees (Stacey, 1954, p.254). The vast majority of entrants to the accounting profession remained non-graduates, typically entering from school at the age of 18 or younger. By 1948 there were only 231 undergraduates enrolled on accountancy degrees, of which 101 had entered into agreements on articles (AJ, 1948, p.76). Consequently at this stage such a scheme offered little attraction to

⁷¹ The situation in Scotland was somewhat different, as at an early stage in their development the three

prospective ACCA students due to the financial outlay and time costs involved in going to university (AJ, 1949, p.123). The net result was that the Universities Scheme was branded a failure for the English accounting profession as a whole (Geddes, 1995, pp.199-216; Parker, 1997, p.42).

5.6 The Disciplinary Project and the impact of the war

The Second World War had a critical impact on a generation, and the accountancy profession as a whole was also affected, in particular, the practising firms who lost many years of school leavers entering as articled clerks, and who had to change the pattern of their employment through the war years and after. The war also spelled out the beginning of the end for the payment of premiums on articles, as more meritocratic principles began to be espoused, however haltingly at first. Although premiums continued to be paid and the traditional unpaid articled clerk role continued into the 1950s this gradually tailed off, particularly following pressure from those growing middle classes who could now see a way of overcoming their previous financial exclusion. However, the effect of such changes, along with the changes brought about by educational expansion, took time to filter through to the decision-making Councils of the accountancy bodies, and so there would be no major changes for another decade.

The story for the ACCA can be typified by a number of my interviewees who had either just begun work before the war, and were then called up, or else came of age during the war or just after, in which case National Service was a requirement. It is apparent that the war made a difference in unpredictable or unanticipated ways:

‘Because I would have normally gone on to sixth form and taken higher school certificate and gone to university and probably on to teaching. ...we lived next door to the Deputy Borough Treasurer who, because a lot

Scottish bodies had each required attendance at their local universities.

of his staff had joined the Territorial Army and been called up, now had a lot of work and nobody to do it. So I went into local government at Rugby in the Borough Treasurers Department as a clerk aged 16.' (Mr B)

The ACCA also benefited particularly in the war's aftermath. The post war period caused great uncertainty for returning servicemen and other young men, as the ritual move from school to the world of work had been disrupted. The ACCA offered the older men a better career structure and opportunity than chartered or incorporated accountancy, due to the opportunity to get paid whilst studying, rather than having to complete articles or else a very long qualifying period. For younger men, who left school during or just after the war, it was a time of change and uncertainty about the future:

'Why did I choose accountancy? I hadn't a clue, really, what was available to me because it was still this post-war period where things were pretty uncertain.' (Mr Q)

'It just happened. I drifted into it. Many friends were going into accountancy and so did I.' (Mr T)

From 1947, we can perhaps trace the beginnings of what would be a seismic shift in the framing of the barriers to entry into the accounting profession. On the one side, the financial barrier of articles came down following pressure from the middle classes, but, in terms of the ICAEW, they were replaced by selection on the basis of elite educational requirements, based on secondary school and later university success, so a majority of those from a working class background were still excluded. However, as the opportunities for working in accountancy grew, more students from working class backgrounds began to filter through into the ranks of the ACCA, which, with its more liberal educational and training requirements, was able to accommodate them. These changes will be explored further in Chapter Six.

5.7 Conclusion

Summing up the period from 1930 to 1947 as a whole, we may see the ACCA successfully, though often with difficulty, negotiating a series of steps leading towards becoming an accepted professional body. In 1930, the ACCA had succeeded in piercing the jurisdictional boundary in relation to municipal audit, due to the rigorous nature of its credentialling system. Once it had achieved that breakthrough, it was then able to consolidate its position as a second-tier but discipline-based body which occupied a legitimate position within the professional accounting field, even if it remained looked down upon by the chartered bodies and could not access their ‘brand label’. At the epistemological level it had developed a legitimate disciplinary mix of expert knowledge tested by examination and work-based learning by doing. Even while there was clear water in status terms between its system and the articles-based approach, it could not be faulted as a system for failing to be disciplinary, in the double sense. In addition it could produce accountants who could work effectively and legitimately in either public practice or business, even if, during the 1930s, it would appear that most of its membership still worked in public practice (Matthews *et al.*, 1998, p.39). It was therefore in a strong position to draw upon its legal recognition through a process of amalgamation and consolidation, and secure opportunities for work for its members, firstly through Great Britain and then also across the colonies.

Opportunities for work can only be taken advantage of if there are sufficient members to do so. The story of this period is not just of growth through amalgamation, but also through promoting the ACCA’s advantages as a recognised body, in contrast to those not recognised, and so attracting a growing stream of high-quality aspirant professionals from beyond the traditional narrow group populating the chartered bodies, exemplified

by the respondents interviewed here. The stories told by these respondents go beneath the surface to suggest that in the 1930s the ACCA was perceived by its trainees and members as a staid organisation, comprised partly of small practitioners preparing mundane accounts for small concerns and partly of accounting managers in large corporations supervising large numbers of clerical staff. One gets from the narratives no feeling of innovation, rather a continuation and consolidation of a traditional 'petit bourgeois' professional identity. That arguably 'makes sense' for a parvenu body that has constantly to reinvent itself as a legitimate profession in the light of the continuing hostility from members of the older bodies.

In the immediate aftermath of the war things arguably begin to change from the bottom up, as a new type of recruit comes along. Here the ACCA was able to capitalise on its more liberal admissions criteria in comparison to the ICAEW, as it offered opportunity to two new types of recruit. Firstly, because a period of articles was not required, it gave mature candidates such as ex-service personnel the opportunity to train in a profession, in practice or in industry, earning while they did so. Secondly, it gave working class candidates with few educational qualifications (and none from the elite educational institutions) a route into the accounting profession, without them needing a social network of contacts or family financial support. The features that these students bring with them and their experiences whilst qualifying mean that they could construct a distinctive and positive new identity for the ACCA professional, in part shaped by the new kind of education and training practices that they had undergone. This would, however, not become more apparent until the 1950s and 1960s, when these post-war cohorts began their own rise up the professional and business ladder.

However, in this context, the provision of new more formal institutionally based educational facilities and of more interactive approaches to teaching/learning, which began in earnest during the 1930s, would play a significant role. In terms of 'learning to learn', it made a difference that certified accounting students could take advantage of alternatives to the correspondence course. District societies began to make a new kind of contribution here, leading to a redefinition of the ACCA as less passive and remote as a membership body, as they offered regular courses of lectures and lending library facilities. The state's intervention through offering local authority evening classes produced new opportunities which would later come to fruition for promoting the disciplinary project of both the profession and the educational institutions involved.

With these various changes, growing numbers of students were given the chance to enter into a more meaningful tutor/student dialogue, which at least increased the opportunity for deep approaches to learning to be articulated. At the institutional level, the ACCA was able to develop a new kind of relationship with local authority colleges which would be of practical advantage in the future, for, as already referred to in Chapter Four, the ACCA's training options were much wider than that of the chartered accountants due to the separation of examinations from work experience.

In conclusion, if one looks to characterise where the ACCA stood by the end of the 1940s, it had perhaps reached a position where, strengthened by amalgamation and the experience of its collective wartime service, it stood poised to lobby for and achieve equal treatment in law with the other leading accounting bodies and to be able to join with them, as a juridically (at least) equal partner in the series of post-war rationalisation exercises.

Chapter Six - The certified accountant as business accountant (1948-1970)

6.1 Introduction

Chapter Five has discussed the growth of a positive identity for the ACCA and for individual certified accountants, and how educational and training practices played a key role in helping to define and develop this. In the post-war years there were further developments in the form and content of these practices, which, I shall argue, further shaped the development of identity. As the ACCA continued to exploit difference in terms of its education and training requirements, there was a continued expansion in student numbers, not least as there was more actual and perceived educational opportunity for those below the educational and professional elite. The student experience changed with the development of more and diverse opportunities for study, and arguably, as divergence continued in the study patterns undergone by certified and chartered students, there was a new kind of differentiation in the identities fostered by these different kinds of training. In one respect this was because the new kind of ACCA training, while still not involving articles, was less differentiable as inferior in disciplinary terms. The more ACCA trainees experienced their own form of interactive teaching/learning patterns in the pursuit of passing expert-knowledge based examinations, the less the disciplinary difference that could be claimed by the older bodies. As articles were then abandoned in favour of paid work experience, the old form of status differential could not be maintained. But the point here is that this did not lead to a total overlap in identity. For instead, the ACCA consolidated a new kind of identity at this new level of disciplinary parity, by moving the knowledge base examined in order to qualify as a certified accountant towards a business, rather than a practice,

defined approach. This may have been done in large part for practical reasons of work and market relevance, in that such a shift took account of where most certified accountants found employment. Moreover, even if it was an 'emergent' strategy, it put the ACCA in a new kind of professional position, where they had redefined the boundary between themselves and the chartered bodies, but succeeded in consolidating their claim to professional status on grounds of engaging in appropriate disciplinary practices in the education and training process.

This kind of analysis may shed an interesting light on a phenomenon long recognised, that while after World War Two official discourse in accounting recognised a formal acceptance of certified accountants within the British accounting profession, the unofficial view of certified accountants as inferior held by chartered accountants persisted.

The first interesting thing is that while such a view persisted, some of the reasons for it had to change. For if the chartered bodies could always claim historical precedence, they could not automatically defend the right to the chartered title, and successive challenges from the various other non-chartered bodies ultimately rendered it unsustainable. Similarly the differentiation based on the use of articles proved, as noted, unsustainable, being replaced by a separate form of 'meritocratic' workplace experience. At that point, status difference had to find a new justification, part of which could be located in the new process of selection for paid training, since this was meritocratically based on the criterion of elite educational success.

But this whole process therefore carried, as a second interesting thing, a paradoxical outcome. By 1970, the new meritocratic stress was already beginning to move the profession towards becoming a graduate profession. But the broader outcome was that bodies like the ACCA could equally benefit from this educational move upmarket, as they did, in the process, as noted in the last chapter, forming alliances with educational institutions that were also upwardly mobile.

What this indicates is how far a double process can be seen to have been underway, using a disciplinary analysis. The old bodies drew on their competitive advantages to maintain superior status, and at any given moment these could seem formidable, something that should never be underestimated, particularly when looking to appreciate the dilemmas that a body like the ACCA saw itself confronted with at a given time. But across the second half of the twentieth century, those advantages moved away from being a mix of disciplinary expertise and social or financial acceptability to being a mix of disciplinarity and personal qualities. But those latter qualities were measured largely by success in educational games grounded in disciplinary practices. Hence the old bodies in fighting to maintain superiority moved on to a new more exclusively disciplinary terrain, on which superiority claims were bound to be more contestable. As noted above, this did not necessarily mean that unification would follow. The current situation is a perfectly maintainable alternative. But disciplinarity has become more entrenched and embedded at the heart of all the accountancy bodies' professionalisation projects.

That having been said, there was indeed a real dilemma for the leadership of the ACCA in the fifties and sixties, as they had to decide in which direction to take the body –

towards the practice-oriented chartered bodies or towards the industry and business environment in which most of the members worked. This latter option prevailed in the post war period as the leadership recognised that there were an increasing number of opportunities for the ACCA to build on its then legal position and to exploit and enhance its disciplinary strengths in a way that defined its role as the effective accountancy training for business.⁷² This was particularly so in the early post-war years when its now legally accepted credentialling system, its more generous admission requirements and its liberal training requirements made it an attractive qualification in comparison to the Chartered Institutes for returning servicemen and those younger entrants who needed to earn an living from the outset of their training.

The major change that had to be driven through at the educational level was to adapt the old form of examinations which the ACCA had derived from the chartered model, with their emphasis on law, executorship and personal taxation. The reasons for following this model were noted above, and were doubtless crucial in enabling the predecessor bodies to gain the level of professional legitimacy that enabled legal recognition to be won. However, the result was that even in the 1950s there was little management accounting tested, and no consideration of the management issues affecting the process of accounting. If the ACCA wished to make its qualification relevant to those members working in industry, it was recognised that the examination structure had to be revised as the means of developing the business accountant, and getting this right was a major concern during the fifties and sixties.

⁷² Clearly the legal position of any accountancy body at any given time is contingent upon subsequent legal modifications e.g. the requirement to hold a practising certificate in order to carry out statutory audit.

The institutional changes and the move towards a more interactive teaching / learning model also continued to proceed, and if these changes in educational practice can be seen as having benefited accounting students in general, they still had particular significance for certified students, particularly in developing a more expertise-focussed discipline as an integral aspect of their training. The on-going growth of local authority provision meant that there was a continuing shift away from the classic correspondence course with its model of the isolated passive learner towards a model where human interaction between tutor and group in classroom settings supplemented text-focussed learning. The shift was slow, and the initial evening classes were unlikely to be high quality, but over the fifties and sixties there were significant changes with full time courses becoming popular in a few areas by the end of the 1960s. Here the level of interaction between teacher and learner and amongst learners as a 'peer group' could be significantly higher as students became inducted as members of a learning community.

At this stage, a new kind or level of identity could be distributed across groups of trainees, both at an informal level where classes might form social groups outside the formal learning situation, and at new kinds of formal level, e.g. as student societies. The articulation and coalescing of these various new developments is the subject of this chapter, which therefore shows a richer and more diverse set of possibilities taking shape as aspects of a new identity for the ACCA accountant. It was of course built on older traditions, but as a whole it shows aspects of disciplinarity getting more centrally embedded in what it was to be an ACCA person, along with the content differentiation that shaped the identity as that of 'business accountant'.

6.2 Changes to the legal framework

The amalgamations of 1938 and 1941 now meant that the ACCA was recognised by the chartered and incorporated accountants as the only other body of accountants that maintained sufficiently rigorous entry standards to be considered as a potential partner for future co-operation. As such, it was able to consolidate its professional position through its inclusion in the key legal reforms that took place after the war.

For instance, the passing of the 1948 Companies Act proved to be an important landmark in ensuring the equal place of ACCA members, alongside chartered and incorporated accountants, in being able to act as recognised auditors for companies, as it required auditors of public companies to be qualified members of recognised bodies, in effect giving statutory authority to an ‘audit monopoly’ (Robson and Cooper, 1990).

This had two effects for the ACCA. It meant it had a significant form of inclusion within a professional grouping that had a new level of legally defined visibility. It has long been recognised that the professional role of the qualified auditor was enhanced, as auditors’ responsibilities were increased and disclosure requirements for companies augmented (Garrett, 1961, pp.259-261; Nobes and Parker, 1979). This was the case even if full closure of the auditing profession was not yet achieved, as a late amendment to the Act permitted non-qualified auditors to act for exempted private companies (AJ, 1948, p.89).

At the same time, this meant that the ACCA could consider exploiting the niche of the ‘business accountant’ without serious concern that this would undermine its legal

standing as a 'recognised body', so long as it maintained an adequate training base on the audit side (see Section 6.2.1 below).

In the first instance, however, the Association pursued the possibility of getting professional closure, the ultimate step in terms of setting up a monopoly competence for the wider accountancy profession. Yet this was to prove elusive once again, despite continued pressure for registration. As a result of the work of the Co-ordinating Committee, in 1946 a Public Accountants Bill was formulated by the profession as a whole, with the aim of securing statutory legislation to ensure proper standards of professional service in the public interest. Naturally, the ACCA was committed to such a course of action (AJ, 1950, p.115). But again there were delays, and the Co-ordinating Committee decided not to proceed with the Bill, instead considering fresh proposals under a simpler means of legislation (AJ, 1951, p.87).

As part of this process, the ACCA was involved in absorption discussions with three smaller accounting bodies (the British Association of Accountants and Auditors, the Faculty of Auditors and the Association of International Accountants – known collectively as the BFI bodies). This became another long and drawn out process lasting several years, with the main options debated being absorption or the creation of a new, fourth body of accountants which would then apply for recognition. The main sticking point centred around a gap in the 1948 Companies Act, which had left some suitably qualified members of the above bodies unrecognised for the purposes of company audit. Eventually the Board of Trade agreed that suitably qualified members of these bodies (911 in total) could be admitted directly to membership of the ACCA, while a further 104 members could sit the ACCA's Final examination. The three smaller bodies all

approved the scheme, however the EGM held by the ACCA to gain ratification failed to reach the required majority and so the proposal was lost (AJ, 1955, p.125). Recognition of those suitably experienced auditors who had not therefore been permitted to join one of the recognised accounting bodies was then given in the Companies Act, but it was clearly another unsatisfactory conclusion in the chaos of UK accounting. As is often the case, this was a case where the professional leadership, in the form of the Council, had gone too far or fast for the rank and file of the membership, as it was the latter who failed to vote in favour of the absorption. ACCA Council voiced its disappointment, both at the stance taken by members and at the relatively small number who voted (AJ, 1955, p.187; 1956, pp.131, 158).

However, one may, from the wider perspective, view this episode as one that revealed typical disciplinary characteristics. Firstly, there was an issue regarding the role of the examination in terms of its conferring power upon accredited experts. There was some reluctance to share this expert power with those who had not undergone the doubly disciplinary process of examination. Some considered it unfair that unqualified accountants should be permitted membership of the ACCA under special conditions, since they would then gain all the privileges of membership of a reputable professional body, without having to have undergone the negative aspects of the examination process. There was also clearly concern from some that accountants who had not passed a rigorous test of admission would be permitted to act as qualified accountants (Letters, AJ, 1956, pp.234-5) although others took a more pragmatic view with regards to practical competence, arguing that it was better to allow a small number of competent practitioners to join and thus allow closure to the issue of who was allowed to audit (Letters, AJ, 1956, pp.255-258). Views reported in the letters were evenly spread, with

some supporting the reactionary views of Sir Russell Kettle, a notable chartered accountant who was against inclusion, whilst others showed more open and positive positions to inclusion more in keeping with the aims of the ACCA.

Secondly, there was an issue concerning the role and nature of the disciplinary expert and relevant disciplinary knowledge. As the majority of the ACCA members did not work in practice, there was also considerable debate concerning the distinction between practising members and those employed in commerce and industry, where the need for absorption and registration was irrelevant, but where correspondents still wished to see the standards of qualified accountants being maintained. Whilst some wished to see no split between the practising and the industrial accountant, with one body serving the needs of both, others argued that it made more sense to have rationalisation into one body for practising accountants and one for those working in industry and commerce. This new body would then be in a position to provide a syllabus and training requirements which reflected the needs of accountants working in industry, such as financial management and organisational management, rather than the emphasis on law, taxation and audit practice (Letters, AJ, 1956, pp.291, 321).

These arguments can be framed within the context of boundary disputes and the transdisciplinary nature of the accounting professional. Coming in the mid 1950s, such arguments resonate closely with the later strategic shift in CIMA policy to move its discourse from the realm of cost accounting to that of financial and strategic management, in an attempt to create a stronger position for the professional management accountant vis a vis the chartered accountant seeking to move into industry following qualification (Banyard, 1985, p.26; Armstrong and Jones, 1992).

6.2.1 Integration

Relationships between the various accounting bodies were now at their most cordial in terms of formal discourse and from the late 1940s local co-operation increased with a number of joint lectures taking place between local societies of accountants (AJ, 1948, p.54).

In 1957 the accountancy profession entered a new phase of rationalisation with the integration of the Society of Incorporated Accountants with the ICAEW, ICAS and ICAI (AJ, 1957, p.370). Differentiation between experiences was to be maintained by signalling how they had led to different levels of knowledge being achieved. The public practice accountant was held out to be the expert accountant, by virtue of the necessary training and experience undergone, and all SIAA members with experience in public practice were able to become chartered accountants with membership of the relevant regional body (either ICAEW, ICAS or ICAI). SIAA accountants who had not undergone this elite experience were held to have inadequate experience and thus insufficient knowledge to participate in the elite class and had to join a new incorporated accountant class of the ICAEW.

Overall the effect of this was to double membership of the ICAEW. Following the disappearance of the SIAA, the ACCA became the second largest accountancy body in the UK (albeit with a third of the ICAEW membership), a position it has maintained since. This course of action highlighted the confusing nature of the boundary in accounting. The boundary of accounting as discipline had not changed, as there was no alteration as to the nature of knowledge required to be an accountant. However, intraprofessional boundaries moved as a large number of those previously denied entry

to the elite chartered and Scottish chartered bodies gained this high status. In the eyes of the ACCA, a major concern was that this scheme would be mistaken for an acceptable substitute for the statutory regulation of the profession, when there were still many practising unqualified accountants who would be unaffected by this change. And following the integration the other fear of the ACCA surfaced – that they would once again be left as a ‘second tier’ body, despite having the same statutory recognition as the chartered bodies. The ACCA requested meetings with the chartered bodies to discuss whether they could also be included in the integration proposals, but despite initial promising indications, following the integration the ICAEW declined to take the matter further, firstly adopting delaying tactics (AJ, 1958, p.177) and then finally deciding against any integration in January 1960 (AJ, 1960, p.203). Walker and Shackleton’s detailed study of this event show that the ICAEW deliberately changed tactics to pursue functional closure (through legislative restriction on audit and tax work) rather than institutional closure, and that the ICAEW was concerned about the impact of work opportunities for chartered accountants of further expansion of both ACCA and ICWA into industry (1998, pp.39-40). This indicates an interesting redrawing of the boundaries of chartered accountancy, from a boundary based on training requirements to one based on expert knowledge.

However, ICAEW, ICAS and the ACCA did work together over the establishment of the Joint Diploma in Management Accounting Services, a post-graduate qualification aimed at those holding senior financial positions in industry (AJ, 1965, p.403).

6.2.2 The introduction of practising certificates

The ACCA's identity had always been viewed in very broad terms, as its democratic approach and liberal training requirements had been set up with the view of allowing anyone working in any area of accountancy at a responsible level to become a member. The issue of practising certificates, which had arisen following the SIAA merger, given that only those SIAA members who had recognised practice experience were able to join the chartered bodies, challenged the nature of this identity. There was therefore now considerable debate as to whether or not practising certificates should be issued to eligible ACCA members. The general view amongst letter writers was that practising members were in no way an elite amongst accountants, with relevant commercial and industrial experience being just as worthy (AJ, 1957, p.221). However, the counter-argument was made, that the issuing of such certificates might prove useful, should there be the opportunity to integrate with the chartered bodies at some future date to achieve full institutional closure of the British accounting profession in the area of audit.⁷³ If the ACCA wished to take part in such a development, there would need to be better parity of requirements for practising members. As a result practising certificates were introduced in 1961, with members required to have thirty months of experience in a practice to qualify (AJ, 1961, p.145). This step was seen as significant in terms of enabling a softening in the ICAEW's attitude towards the ACCA (Walker and Shackleton, 1998, p.41), and diminished the difference between certified and chartered accountants in practice.

In disciplinary terms, the introduction of post-qualification regulations signalled an escalation in the requirements deemed necessary to carry out professional work in the

restricted audit area. This was a reminder that disciplinary practices continue to operate in both positive and negative respects after admission to membership. In a positive sense, such regulations ensured that members wishing to operate in the restricted area would continue to engage with certain required forms of specialist knowledge, in order to retain the right to audit. They also, by the fact of their introduction, signalled a commitment to censuring and sanctioning those who were seen not to meet ongoing regulatory requirements.

Until 1961, there was minimal performance monitoring of qualified certified accountants. As long as individuals followed the rules of professional conduct (or were not seen to be infringing them), then they were free to carry out all aspects of accounting and auditing work, whether or not they had worked in practice. And although the rules of professional conduct signalled that the professional body retained the right to impose disciplinary sanctions via forms of surveillance and judgement, little active punishment was carried out, indicating that in practice the Association emphasised the positive aspects of disciplinarity, through the promotion of an increasing commitment among members to the acquisition of additional relevant expert knowledge.

The introduction of practising certificates, with the hurdle of a thirty month minimum period spent in a practising office, was however a clear indication that becoming a professional accountant was now seen as contingent not just on passing the examinations but also on receiving what was regarded as an appropriate professional accounting experience. This new requirement therefore made it explicit that whilst

⁷³ Richardson (1997, p.641) comments that in Canada this area of professional accountancy work

getting qualified was the most important component, the requirements of the credentialling system continued after membership. From 1961 onwards the additional regulations and restrictions laid down in the rules of professional conduct would continue to increase.

The introduction of practising certificates with this related experience requirement was potentially a major departure in more ways than one. In particular it might have driven a split between different categories of member, by creating one identity for those certified accountants who pursued the practice route and another for those who did not. It is interesting to note from the interviews carried out that this did not in fact happen (see section 6.2.3 below).

6.2.3 The structure of the profession

In 1965 the ICAEW initiated deliberations as to the possible unification of the profession with the submission to ICAEW Council of a document 'The Future of the Profession'. This envisaged a unified two tier profession with advanced members having a minimum of 'A' level entry and a lower grade of staff carrying out routine work with 'O' level entry. There would be application to the state, not for registration as attempts to achieve this had always proved futile in the past, but for a Bill which would only permit members of the unified body to practise, and which would prohibit the formation of new bodies of accountants (Walker and Shackleton, 1998, pp.43-44). In 1966 the discussions were extended to the other accountancy bodies (AJ, 1966, p.210).

These discussions raised a number of issues regarding the professional identity of certified accountants. Firstly, the open access that the ACCA had offered, giving opportunity to individuals regardless of financial or educational privilege, would be taken away. Then the further differences that existed between chartered and certified accountants in terms of education and training requirements would be removed, and the ACCA's flexible training routes would be lost. Whilst all remaining differences and intraprofessional boundaries between certified and chartered accountants would disappear, those elements of difference that had contributed to the certified accountants' unique identity and positive sense of belonging would also be forfeited. Therefore the plans for unification were viewed with mistrust by many certified accountants. The ACCA appeared to be abandoning its resistance to monopoly in the accounting profession (AJ, 1968, p.727), which struck to the heart for some members with regard to the original aims of the LAA.

There were proposals for the separation of management accountants and practising accountants into different functional societies. Again, one of the distinctive features of the ACCA was the opportunity it gave to those from a non-practising background to have a flexible career path, and such a proposal would close this route.⁷⁴ In addition, the proposed creation of the new lower tier came in for particular criticism (see letters, AJ, 1968, pp.588 and 593). The ACCA membership had already voted to exclude BFI members from their body, yet the proposals planned to include a number of them as qualifying members of the new higher tier and others, with less experience, at the lower level (Walker and Shackleton, 1998, pp.49-50).

By 1970 the scheme had been rejected by the ICAEW (*Accountancy*, 1970, pp.561-2, 634-638).⁷⁵ Whilst this may have been bad for the accountancy profession in the UK in general, in that unification would have helped the profession to speak with one strong voice, it gave the ACCA the resolve to return to its roots in resisting monopoly and to once again tread its own path.

6.3 Overseas development – change and growth with independence

The location and policies of the ACCA with regard to the former colonies in the post-war years refute the classic political interpretations of imperialism that claim imperialism came to an end with the dismantling of Europe's colonial empires. Instead, as Annisette (2000) shows, the ACCA and its credentialling system became part of the collaborative system of the informal imperialism that replaced colonialism, part of

‘the logic of capitalist expansion, which nonetheless requires the support of an imperial state – that is, one which is global rather than national, and which exercises its authority formally and informally across national boundaries in the service of internationalisation of capital’ (Annisette, 2000, p.636).

Whereas the nature of the economy in the settler colonies (for example, Canada and Australia) was sufficiently developed in the late nineteenth century for the emergence of local accounting associations (see Chapter Four), in the non-settler colonies the demand for local accounting services did not arise until after independence. Prior to that point expatriate British accountants (typically either chartered or Scottish chartered) serviced any local needs (Annisette, 2000).

⁷⁴ Four of my interviewees had begun their careers in industry or the public sector and had then switched to practice at a later date.

⁷⁵ For the elite accounting firms there were now new opportunities. This was a time of major upheaval in the British economy as companies expanded and merged and their growth therefore offered opportunities for auditors to grow with them. The number of companies increased as well. Following the repeal of the twenty partner limit in the 1967 Companies Act, there were a large number of mergers of ICAEW firms (Boys, 1989; Geddes, 1995, p.100).

With many colonies gaining independence from Britain, overseas member and student numbers in some of the ACCA's traditional markets suffered. A number of countries proceeded to set up their own national accounting bodies with statutory recognition, thus diminishing the role of the ACCA. Therefore in 1951 examinations in Ceylon, Egypt and India were discontinued for this reason (AJ, 1951, p.85). Indeed, the ACCA's actions seemed to display an anti-overseas attitude. Whereas examinations had previously been held twice a year as in the UK; this was now cut to once a year in December only (AJ, 1948, p.36). In addition, overseas students were still required to pay a local sitting fee on top of the examination fees already paid to the ACCA (AJ, 1951, p.134). Such practices by the ACCA show a discrepancy between the rhetoric of their motto of giving opportunity to all, and their discrimination in terms of treatment of overseas students, presumably because they were not yet considered a major part of ACCA strategy. Overseas results lists were published from time to time, with the number of candidates being fairly low.⁷⁶ Pass rates were also low in comparison to UK students' results (see Table 6.1).

In other parts of the Commonwealth where there was insufficient impetus to indigenise the education and training of accountants the role of the ACCA continued and increased. As stated in Chapter Five, the first step for overseas expansion was the recognition of the ACCA in local law for audit purposes. This continued in the post war period, with Trinidad and Tobago and North Borneo recognising the ACCA in 1950 for audit purposes (AJ, 1950, p.142). ACCA societies were set up in Trinidad and Tobago and Hong Kong in the same year (AJ, 1950, p.292) and in Jamaica in 1951 (AJ, 1951, p.158). Annisette (2000, p.643) comments how the Trinidad and Tobago branch

⁷⁶ For example, the June 1958 results showed in total 31 passes and 39 fails. Many candidates were of UK

Table 6.1 Pass rates for ACCA students, December 1964 examinations

	Home		Overseas	
	Pass	%	Pass	%
Preliminary	107	66%	81	68%
Intermediate	369	34%	112	27%
Section I				
Intermediate	526	52%	135	44%
Section II				
Final Section I	171	24%	25	18%
Final SectionII	159	35%	18	31%

Source: AJ, 1965, pp.77, 78,152

**Table 6.2 Empire, Commonwealth & total membership of the ACCA,
1939 &1969**

		1939	1969
Regional Distribution	Africa	144	698
	Asia	139	199
	Australasia	23	113
	Europe & Nr. East	6	43
	W. Hemisphere	63	323
Membership I	Empire and Commonwealth	375	1,376
	II Total	6,075	12,140
	I as % of II	6	11

Source: Johnson and Caygill, 1971, extract from Table I

origin, particularly in South Africa and Southern Rhodesia, although this was less marked in countries such as Kenya, where Asians were regularly successful (AJ, 1958, p.308).

‘was dominated by the state-employed cadre of accountants who had benefited from the Government’s ACCA training schemes. Included in the ranks... were influential public servants such as the then Auditor General and the Accountant General....The membershipwas non-white, Trinidadian and worked for the state’

Growth continued through the 1950s, with further societies in British Guiana and Cyprus being formed in 1956 (AJ, 1956, p.106). The number and activities of these branches varied with the changing nature of the Commonwealth and some were dissolved in the 1950s and 60s as countries moved towards independence and the establishment of their own national accounting bodies.

For some of the new Commonwealth countries, there was a more pressing need for the ACCA. Annisette (2000, p.640-643) describes how in Trinidad and Tobago the tight work permit restrictions imposed by the state on British ex-patriates left the ICAEW practising firms with no source of staff. The newly independent state also had a requirement for more trained accountants. A scheme to introduce an accounting elective into the University of the West Indies’ BSc Economics degree programme, completion of which would give exemption from all but the final examinations of the ACCA failed due to the lack of appointment of a suitable Chair of Accounting. With no indigenous scheme of training in place the ACCA was approached to start up local training schemes which were entirely reliant on the external examinations. Similar arrangements were entered into with Jamaica. Officials from the ACCA visited the Caribbean in 1965, only the second official overseas visit, with the principal purpose being to complete

negotiations with the Institute of Chartered Accountants of Jamaica for the servicing of their examinations (AJ, 1966, p.211).⁷⁷

Following the growth of accountancy requirements in the Commonwealth countries, in 1960 there was a resumption of half yearly examinations at all centres (AJ, 1960, p.7), and later the same year resumption of examinations in Malaya (AJ, 1960, p.341). By 1970, there were 35 examination centres in twenty-six different countries (AJ, 1970, p.427). Revision schools were also being established overseas.⁷⁸ Table 6.2 shows the increase in overseas members, some 267%, between 1939 and 1969. Numbers also grew in overseas branches, for example, the Hong Kong Branch at the time of its silver jubilee in 1975 had 137 members and more than 2,000 students.⁷⁹

Views towards the overseas links were ambivalent. Whilst officially overseas links were valued, some British members were less enthusiastic, as demonstrated by the following excerpt from a letter:

‘...it must be remembered that the Association is a United Kingdom-based body which should, whilst being prepared to examine all eligible candidates, maintain an examination syllabus that prepares its members for practice and employment under the conditions that prevailing according to English (or Scots or Irish) law and practice.’ (Letter, AJ, 1966, p.391).

⁷⁷ The first visit had been to South Africa in 1923 to open its first overseas branch

⁷⁸ For example, a series of free pre-examination accountancy lectures was advertised in Nairobi for the June 1965 examinations (AJ, 1965, p.79).

⁷⁹ The first Hong Kong member had qualified in 1939 (CA, 1976, p.185).

The fact that the ACCA had the infrastructure in place to offer a credentialling system across the world had not yet been explicitly acknowledged.⁸⁰ In the 1960s the requirement for joint credentialling had not been identified. Neither had an alternative usage of the ACCA qualification for local personnel in the international accounting firms. The role of global business was only just starting to be recognised. The ICAEW was beginning to experience globalisation of its big firms (Geddes, 1995, p.100) but ACCA members typically worked in small practices. Although many worked in large corporations, their concerns were with the business they were employed in rather than with the wider implications of the accounting profession. In addition, the proposed integration scheme of the British accounting bodies if successful would have dealt the death knell to the overseas activities of the ACCA, as, whilst existing members would have been unaffected, the scheme would not have allowed any future overseas members.

6.4 The role of education and training

The admissions and training requirements that led to the qualification of certified accountant, and the knowledge base underpinning the examinations, underwent a series of changes from 1947 onwards. This was due in part to the general changes that took place in wider society following the war. The economic expansion in the fifties and increasing numbers staying on at school and, following the Robbins report, going on to higher education, meant changes in recruitment patterns. As most certified accountants worked in small practices or in industry the wider changes affecting the accounting profession as large firms expanded did not have the same impact as on the ICAEW. Instead the ACCA concentrated on making its knowledge base as exemplified by the examination system fit more precisely the nature of the majority of members' work.

⁸⁰ Briston and Kedslie (1997, p.176) refer to the export of examinations as being 'barely discernible'.

6.4.1 Student recruitment in the Post-War Period

The generous admission requirements of the ACCA were exploited by ex-servicemen who, on seeking work, found that entry into the chartered bodies was denied through the continuing restrictive practice of requiring articles. There were two problems with the chartered bodies' requirement for articles. Firstly, most ex-servicemen needed to earn a living, as they might have a family to support. This was the case for the following respondent:

'In 1945 when the war was coming to its close I thought "well, I've got to do something about earning some money". So I went to the Air Force Application Department and I took up a series of courses that they provided for people coming out of the Air Force. So about September 1945 I started on these correspondence courses arranged through the Air Force and I came out of the Air Force in November 1945 and I started looking round for a job.... And I went and knocked at the doors of all the accountants in Nottingham and I found with the Chartered that the only course open was really by taking articles and they didn't offer very much salary. In some cases they really wanted you to pay to work for them.'

(Mr P)

Secondly, they were a lot older than the typical newly articulated clerk of sixteen, and it was inappropriate to take up articles when they were in their twenties, as the following respondent remembers:

"So they said "well I'm afraid we can't do anything about that. You're a bit too old to take up articles now" and that sort of thing, so I said "well all right". So I registered with the Association and, I say, it must have been 1959, or something like that. Let me just refresh my memory. No, I'm out, aren't I. 1949" (Mr J)

Student numbers were also enhanced by the concessions given to ex-service personnel, and numbers increased dramatically in the post war years, falling back once those whose lives had been disrupted by the war had passed through (see Table 6.3).

Table 6.3 ACCA student numbers in the war and post war years

The war years	1944	5,338
	1945	6,332
The immediate post war period	1947	9,430
	1948	9,272
	1949	9,951
	1950	10,304
Post 1950	1952	9,048
	1961	8,957

Sources: CAJ, AJ various issues

Table 6.4 Growth in ACCA member and student numbers 1947-1970

	Members	Students
1947	7,379	9,430
1970	13,680	25,107
Growth in period	85%	166%

Sources: AJ, 1948, p.53; 1970 Annual Report

The ACCA qualification was seen as attractive to those seeking a professional qualification with its broad, general approach:

‘But I would say in retrospect the Association have been a great help to me and I think I shouldn't have qualified as an accountant had it not been for the Association. I had considered possibly the secretarial and then, of course, the cost and management accountants. But I always felt the cost and management accountants were rather geared to manufacturing companies. It was rather a narrower slot than the Association which offered a very broad training.’ (Mr P)

During the 1950s the average yearly intake of students was around 1,250. Unlike the ICAEW, who were finding it difficult to recruit boys of the right calibre at sixteen, although most recruiting was still at ‘O’ level entry into small firms (Geddes, 1995, p.96), there was a steady stream of applicants, both directly from school as well as older men.⁸¹ This took about five to six years to filter through into the membership, which stood at just over 10,000 in 1958 (AJ, 1958, p.175). Membership figures stopped being reported in the Journal in the 1960s, although the presidential address continued to comment on the number of new members each year. By 1970 this stood at around 500, considered by the president to be ‘about the minimum necessary to maintain normal and healthy growth’ (AJ, 1970, p.283). Registered student numbers continued to grow at a much larger rate (see Table 6.4).

6.4.2 Examinations review

For a credentialling body such as the ACCA, the passing or failing of the examination is the main disciplinary practice that segregates the successful student from the failure, as other possible barriers to entry based on financial or educational privilege are absent.

⁸¹ Accountancy was still a male-dominated profession, and although women were applying and becoming members, they tended to start their professional studies at a later age, once they had obtained some years of experience as accounts clerks. This was the case for my female respondents who would otherwise have qualified before 1970. The particular problems faced by women in terms of the struggle for qualification will be discussed further in Chapter Seven.

The role of the examination has strategic significance because of the way in which it generates a means of recording individual performances, classifying them into categories and eventually into populations with norms (Hoskin and Macve, 1986, p.106). The way in which the examination process is (seen to be) carried out is therefore important in maintaining the integrity of the credentialling system. This means that examination papers must be seen as fair and that the marking process must also appear fair.

Within the British accounting profession, there was a readily available source of comparison as the examination papers of the different bodies were increasingly indistinguishable at the level of content and approach.⁸² The emphasis was on the technical content of the subjects, such that it was of imputed relevance to the workplace, being of a specialist disciplinary nature. So in effect there was little differentiation to be noted across the whole chartered and certified student population.⁸³

An outward display of this equality across the various accounting bodies was in the form of the examination pass rate, an easily available figure that was an integral part of the disciplinary practices making up the professional process. It had often been used to maintain the discourse of comparability between accounting bodies, such that standards could be held to be the same. However, all the accounting bodies found that there were considerable fluctuations in the pass rates, and this raised questions about the credibility of the examination system to which accounting bodies found difficult to respond. As this matter was so important in terms of professional credibility the ACCA spent

⁸² A comparison of the final 1966 ICAEW and 1960 ACCA examination papers shows the question style and knowledge to be very similar for Advanced Accounting and Audit.

considerable time and effort throughout the 1950s investigating the situation and taking different actions.

The ACCA experienced particular problems commencing with the December 1947 results (see Table 6.5), described as ‘appalling’ (AJ, 1948, p.148), partly due to the fact that these were the second last examinations to come within the stipulated period of thirty months of war-service concessions (AJ, 1948, p.54). One of my interviewees had gained the war-time concessions for his studies, and comments as to how he went immediately back to exam study after the war:

‘So in 1946 and with the benefit of my university matriculation exemption, which I'd got from the school certificate - with war service you get exempted from the intermediate examinations, as they were then, of both IMTA and certified and corporate. Providing (a) you had the necessary academic, and that was the school certificate (or university entrance matriculation, as it was called) and (b) you had some service before you joined up. You had to have done a certain amount of service before. And so I proposed and set out to take both the certified examinations and the IMTA examinations simultaneously.’(Mr B)

Another interviewee commented as to how the interruption affected and delayed the completion of his qualification:

‘The finals was in two stages but unfortunately the war came along and just as I was about to take the first part I was sent in Her Majesty's calling up papers. So I applied to have a postponement and went before a board and they said if I took the whole of the examinations in two sections in June 1940 I could be released from service till after that. So it was an awful lot of trying to do the whole lot....The lot in one go and it was only a few weeks after Dunkirk that I took my exams but I failed in one subject, guess what, auditing. Oh dear, I concentrated on doing everything else and I thought I must know about auditing. I'll forget it. So I didn't study it at all and I came unstuck. It's a very general sort of paper.... by the end of the month I was in the Navy... by the end of the war I'd married - a bit difficult to study then.... Just the second part that I had to take again which I passed, it must have been 1947 or something like that, but I think the actual qualification came December 1947 or 1948.’ (Mr E)

⁸³Although of course the open access policy of the ACCA meant that pass rates were likely to be lower as no artificial barrier in the form of educational requirements had been placed in the way of certified students.

Table 6.5 ACCA December 1947 examination results

Stage	Normal regulations		War-service concessions	
	Sat	% Pass rate	Sat	% Pass rate
Final – Both sections	79	6.3%	5	40.0%
Final – Section I	284	28.9%	78	43.6%
Final – Section II	210	16.7%	71	14.1%
Intermediate	573	27.9%	77	20.1%
Preliminary	17	35.3%	Exempt	

Source: AJ, 1948, p.148

Table 6.6 Reported pass rates for the final exams in 1952 and 1960

	1952	1960
ACCA	51%	35%
ICAEW	46%	50%
SIAA	64%	-
IMTA	28%	43%
ICWA	51%	35%

Source: Accountants’ Journal; Examinations Committee Minutes, 24.4.1961

The post-war period was a time of confusion as those who had had their studies interrupted by the war now tried to pick up the pieces and complete their qualifications, without having the opportunity to study properly. The overall pass rate of 25% was slightly improved upon at the next sitting, when it rose to 36%, but this was hardly satisfactory (AJ, 1948, p.148).

The Examinations Committee considered the results carefully, but came to the conclusion that 'entrants had not given sufficient time and study to the subjects or had not taken advantage of tuition which they may have had, or which was available to them' (AJ, 1948, p.36). Standards were not to be compromised despite the post-war circumstances. This clearly indicates the negative side of disciplinary power, with the mark acting as an objective construct that was not to be altered. By June 1950 the pass rate had risen to 42%, indicating that the previous low percentage of passes had indeed been due to the abnormal post-war situation and was transitory in nature (AJ, 1950, pp. 84, 216). However, the pass rate continued to be lower than was considered satisfactory, although it was within the limits of those reported by the other accounting bodies (see Table 6.6).

The technique of making changes to their examination structures in order to artificially improve performance has long been used by all disciplinary bodies (cf. Abel, 1988). So the ACCA adopted this strategy by making two changes to the examination process. In an attempt to improve the pass rate candidates were required at the Final Stage to sit Sections I and II separately rather than have the option of sitting them at the same time (AJ, 1951, p.296). There were also amendments to the structure of the examinations, mainly at the Finals stage where the amount of law being examined diminished slightly,

whilst costing gained a higher profile and banking and finance were included for the first time (see Table 6.7).

Examination pass rates continued to be poor and erratic, with many below 40% (see Table 6.8) and in reaction during 1956 a comprehensive examinations review began, which was to be some three years in duration. Various reasons for poor performance were regularly discussed, but it was the lack of commitment given by students particularly at Intermediate Stage that was highlighted rather than the wider educational problems of the whole system of accountancy education (AJ, 1958, p.176). Interestingly, the implication of the ACCA pass rates being low due to the open access policy was not noted as a factor.

It was the ‘pitifully low’ Intermediate pass rate that was most worrying to the ACCA, who were of the view that ‘the period of preparation for the intermediate examination is a particularly crucial one in the sense that at this stage the student should have ample opportunity of gaining a firm grasp of principles’ (ACCA Education Committee Report to Council ‘Full Time Tuition for the Intermediate Examination’ Point 7, 25.4.1961).

6.4.2.1 The first Revised Examination Syllabus

The examinations review led to a revision of the syllabus that was effective from the June 1961 examinations. It had been set by the Moderators to reflect contemporary requirements as half the members of recognised accountancy bodies were engaged in industry and commerce rather than practice. The journal states that this is ‘the first time that a revision of this nature has been carried out by any of the recognised professional bodies’ (AJ, 1959, p.429), determinedly showing once more that the ACCA was at the forefront of professional development.

PAGE

NUMBERING

AS ORIGINAL

Table 6.7 Changes in the ACCA examination structure 1952

Original syllabus	Revised syllabus
<u>Intermediate</u> Mercantile Law	<u>Intermediate</u> Elements of Mercantile Law
<u>Final Part I</u> Practical Accounting and Methods and Mechanics of Business Partnership and Executorship Accounts Partnership and Executorship Law Joint Stock Company Law	<u>Final Section 1</u> Practical Accountancy including Partnership Accounts Practical Accountancy including Executorship Accounts The law relating to Partners, Executors, Administrators and Trustees Cost Accounting including Mechanised Accounts Banking, Exchange and Finance
<u>Final Part II</u> Practical Accounting and Methods and Mechanics of Business Auditing Rights and duties of liquidators, trustees, and receivers Bankruptcy law Income tax law and practice	<u>Final Section II</u> Practical Accountancy, including Company Accounts Auditing and Investigations The law relating to Companies, Liquidators and Receivers Mercantile Law and the law relating to bankruptcy Taxation

(AJ, 1952, p.49)

Table 6.8 Erratic pass rates in the ACCA examinations in the 1950s

<u>Year</u>	<u>Finals II</u>		<u>Finals I</u>		<u>Intermediate</u>		<u>Preliminary</u>	
	Sat	Pass %	Sat	Pass %	Sat	Pass %	Sat	Pass %
1954	876	51	1,559	28	1,380	44	174	55
1955	776	43	1,495	31	1,258	39	169	47
1956	845	37	1,376	26	1,269	30	204	46
1957	900	43	1,226	31	1,417	30	300	45
1958	763	43	1,129	34	1,377	44	297	47

Source: AJ, various issues

Such a statement emphasises the traditional nature of accountancy education, where law still predominated, and where the mismatch between what Anderson-Gough *et al.* (2002) term ‘qualification-focussed learning’ and ‘work- based learning’, or theory and practice, was great. The main alternations were to divide the Intermediate Stage into two parts, with paper changes, and to widen the Final Stage to include Business Administration and Industry and Finance (see Table 6.9).

As professional identity is closely linked to the acquisition of relevant professional credentials based on an expert knowledge base, a change in the make-up of this knowledge base will lead to a change in the identity of the knowledge professionals that it creates. With this first step in making the syllabus more relevant to the work place of the average certified accounting student, the ACCA implicitly acknowledged that it was moving away from being a practice-dominated organisation to one where identity, both corporate and individual, was constructed in the notion of the business accountant.

The ACCA was also implicitly acknowledging the challenge from the ICWA. Cost accountants had typically qualified through part-time study and occupied clerical posts in the offices of large manufacturing companies (Armstrong, 1993). The war had had a major effect on the identity and aspirations of certified accountants, and in the same way it had changed the world of British cost accounting forever. There were two major results. Firstly, many chartered accountants had moved into wartime ministries and other managerial positions where they gained knowledge of cost accounting techniques. Many of them never returned to professional practice (Jones, 1984, p.204). The influx of elite chartered accountants with specialist costing knowledge was a serious threat to

Table 6.9 The ACCA 1961 revised examination structure¹

Intermediate I²

Bookkeeping and Accounts I

Bookkeeping and Accounts II including Taxation³Intermediate II

Mercantile Law

Auditing

Economics and Business Statistics³Final I

Advanced Accounting

Executorship and Bankruptcy

Company Law

Business Administration

Advanced Costing

Final II

Advanced Accounting

Taxation

Auditing and Investigations

Management Accounting

Industry and Finance

¹ In 1966 the examinations were renamed collectively as the Professional Examinations, consisting of four parts, Sections I, II, III and IV respectively (AJ, 1966, p.33).

² Students had to present themselves for examination at Intermediate Stage within five years of first registration, otherwise time limits were at the discretion of Council (AJ, 1965, p.303).

³ In 1963 the syllabus was changed at Intermediate Stage, with Bookkeeping and Accounts II moving to Section II and Economics and Business Statistics moving to Section I (AJ, 1963, p.78). There was a later change to include separate examination in each of Economics and Business Statistics (Section I) and Taxation (Section II) at Intermediate Stage from June 1966 (AJ, 1965, p.303).

the existence of the ICWA. Secondly, during the war American management accounting techniques and the role of the financial controllers who practised them were imported. The concept of management accounting took root in the discourse of the ICWA, such that it began to mount a concerted effort to move the knowledge base of the organisation upwards from the practical mastery of cost accounting into the realm of high level management accounting (Armstrong, 1993).⁸⁴ So, whilst the cost accountants saw this repositioning as a response to the challenge from the chartered accountants, the cost accountants became a challenge to the certified accountants, as they would now compete for the same posts in industry. The ACCA's move to redefining as business accountant then becomes seen as central to protecting their position as competent general accountants in whatever field of employment.

The introduction of the new syllabus was not problem free. As it signalled a move away from the traditional, generic papers requiring a standardised general style of answer (Hoskin and Geddes, 1997) students and tutors struggled to adapt to the new approach. Initial passes were low, and there was criticism of the questions set and the style of the examination paper (AJ, 1963, p.79).

As a way to alleviate the pass rate problems, in 1964 the ACCA introduced referrals for Final Stage students who failed one paper in either section. Students were given one further opportunity to resit the paper at either of the next two sittings, although they were 'expected to attain a mark substantially higher than is required for a normal pass'

⁸⁴ It tried to achieve this through the disciplinary practice of requiring aspiring Fellows to sit a further raft of examinations, one of which was management accounting. This project failed and was discontinued in 1963. The Associateship syllabus was amended in 1964 to meet more directly the knowledge requirements of management accountant, seen as equivalent to financial controller of a small business (Armstrong, 1993).

(AJ, 1964, p.381). Typically, the pass mark required was not revealed, demonstrating the still rather secretive nature of the examination world.

6.4.3 Accounting education

The twenty years after World War Two were described as a 'Period of ferment' in education (*Accountancy*, January 1963, p.2). The post war period had been a time for the accountancy bodies to take stock of the relevance of their educational requirements to the work of the accountant. The knowledge base of the syllabus was still firmly rooted in the origins of the profession, and heavily based on law, rather than on practical accounting, although, as noted above, the ACCA was starting to address this issue. In contrast, the ICAEW had remained very conservative in its approach, only introducing a taxation paper, and adjusting the proportion of law and costing in 1944 (Howitt, 1966, p.105). This approach to education was not highly regarded by academics, with Solomons (1961) in particular scathing in his criticism, attacking articles as inadequate as well as the content of the examinations for ignoring theoretical study. However the ICAEW Council continued to be very conservative in preferring a practical approach to training, this view being shared by many members (Geddes, 1995, p.141), and it still contrasted unfavourably with the educational requirements of ICAS as well as overseas bodies. The merger with the SIAA, who were more forward thinking in the arena of education and training and who sponsored a research journal, *Accounting Research*, and a chair at Accountants' Hall (*Accountancy*, 1958, p.420), led to change at the ICAEW, with its first committee on Education and Training being set up in 1958. This was also due to external causes - Geddes cites a number of factors as instrumental in this decision, including recruitment problems, the actions of other professional bodies, criticism from individuals such as Solomons and Stacey as well as members and other accounting academics (Geddes, 1995, pp.139-140).

As a result of the Carr-Saunders Report (HMSO, 1950), and in line with the introduction of the General Certificate of Education, the ACCA amended the rules on articulated clerks to require a pass or exemption from the preliminary examination of the ACCA, with a minimum age of sixteen (AJ, 1950, pp. 87-88). The ICAEW had reacted strongly to the Carr-Saunders proposals, in particular to the recommendation to raise commencement of articles to eighteen years (*The Accountant*, 14 January 1950, p.29; *Accountants Weekly*, 2nd December 1977, pp.20-21; Howitt, 1966, pp.110, 189), and clearly the ACCA, with its less well-educated student intake, did not wish to make its entrance requirements harsher than the ICAEW.

The ICAEW showed its extreme reluctance to make any sort of educational changes with the Parker Report of 1961, which was ‘astonishing’ (Parker (no relation), 1997, p.43) in its rejection of accountancy as a suitable degree subject. However, in the 1960s, as educational standards generally rose, a change as to the construction of the identity of the generic accounting student through his educational experience began. This affected chartered students first. The Robbins report of 1963 saw a government pull towards higher education whilst at the same time the ICAEW, via the recommendations of the Parker Report, began an inward push to improve entry standards. As general secondary educational standards rose, the ICAEW dropped the Preliminary examination in 1963, the Interim examination thus becoming the first professional examination.

Other professions and accounting bodies had set up in-house arrangements for tuition. The Law Society had set up the College of Law as far back as 1903 (Abel, 1988, p.146). When the Scottish Institutes merged in 1951, ICAS adopted a role as a teaching

Institute, carrying on the former regional lecturing role, although attendance was not made compulsory until 1973 (Shackleton, 1993; Berridge, 1975, p.9). The ACCA, along with the ICAEW, seems never to have considered this idea, although as time went on the former did begin to organise courses on an ad hoc basis. The student societies continued to have an extensive programme of lectures, and the first weekend schools began, with the Sheffield and District Students' Society leading the way with an 'intensive and essentially practical course' held in May 1954, with lecturers giving their time free of charge (AJ, 1954, p.232; 1957, p.333). In 1965 the first national event was held at New College, Oxford (AJ, 1964, p.380). In 1956 the journal, following the practice of other accounting journals, began to publish a student section (AJ, 1956, p.97). As the student body grew it gained in importance and more resources were devoted to it. In 1963 a part time Education and Technical Officer was appointed (AJ, 1963, p.353), his brief being 'to organize pre-examination and other short courses for students, to lecture to district societies and to meet members and students' (AJ, 1964, p.194). A series of lectures was organised for the June 1965 examinations around the country (AJ, 1965, p.184). The ACCA was therefore progressing at a similar pace to the ICAEW, which was arranging short courses for its students by 1965 (*Accountancy*, 1965, p.555; 1966, p.235).

In contrast to these limited educational opportunities, ICAS were proposing on the recommendation of the Lister Committee in 1956 that the third year of apprenticeship for all students should be spent at a university, with the opportunity of full time study in accounting and economics (*Accountancy*, May 1956, p.163; AJ, 1956, p.201). This was introduced in 1960 (*Accountancy*, 1968, p.309, Parker, 1997, p.43), and was seen as a milestone in the development of British accounting education (Solomons, 1974, p.17).

In Scotland, close relations between ICAS and the universities continued throughout the 1960s (Parker, 1997, p.44; Walker, 1994). And the requirement that a degree become mandatory for the CPA was being discussed in the US (*Accountancy*, 1956, pp.346 and 432).

The benefits of aspiring to a university education were not lost on the ACCA – it wished to create a discourse whereby aspirations could be viewed as achievable, in line with its ‘opportunity for all’ policy - and in 1954 a university scholarship scheme was established tenable at the London School of Economics for a degree or higher degree. Members or students at the Final stage were eligible to apply for the one award to be made each year (AJ, 1954, p.11).

However, in England the role of the academic accountant remained low profile, and evidence of academic thinking informing professional practice was sparse.⁸⁵ This was despite the formation of The Association of University Teachers of Accounting (AUTA) in 1947.⁸⁶ The launch of an academic journal, *Accounting Research*, sponsored by the SIAA, was shortlived – after the merger with the ICAEW it was merged into *Accountancy* in 1958 (Zeff, 1997). Instead the emphasis remained very much on the practical application of accounting, with, for example, an increasing number of apprenticeship training schemes in industry being favourably commented upon (AJ, 1957, p.178). Such a system was derided by Solomons in his inaugural lecture as Professor of Accounting at Bristol University in 1956, as he considered that

⁸⁵ For example, a correspondent notes ‘the failure of the re-acceptance [of accounting as a university discipline] to have any noticeable effect on English accounting literature’ (AJ, 1964, p.388). This corresponds with the US position, where there was also a perceived lack of impact of research on practice, possibly due to a de-coupling of research from its education-practice roots (Lee, 1995a, p.242).

the educational value of practical experience was lost if apprentices had not had preparation in advance for their duties, and that correspondence tuition was ‘third-rate substitute for real education’ (Solomons, 1956, p.117). So two very different views of what constituted an appropriate identity for accountants persisted, with on the one hand, the view that ‘The association of universities with professions seems to follow ineluctably’ (Abbott, 1988, p.195), whilst on the other the view that accounting examinations were a practical test of the skills necessary for entry to ‘a very practical profession’ (*The Accountant*, 15.4.1950, p.405, 3.8.1957, p.127; *Accountancy*, May 1958, p.223, October 1958, p.504, August 1962, p.710).

Whilst there was no immediate possibility of university study for its students, the ACCA, with its liberal regulations regarding education and training, had more options than the ICAEW and was well placed to take advantage of new proposals for study. However, it did not see these as taking place within a university context, but rather in the emerging location of the colleges of commercial education and, later, the polytechnic.

6.4.3.1. The educational experience

Most ACCA students continued to study by correspondence course, due to the lack of other options:

‘There was no such thing as day release. It was a case of just studying. I studied first of all with Metropolitan College... Then I switched to Foulks Lynch... And that's how it was. The main structure of the ACCA was towards home study.’ (Mr R)

⁸⁶ The lack of growth of academic accounting can be seen in the small numbers of members of the AUTA, which by 1959 had only 32 paid up members, 10 of whom were overseas members (Zeff, 1997, p.29).

Although this method of study for professional accountancy examinations attracted adverse comment from students, as well as from other commentators (Kitchen and Parker, 1980, p.70), Geddes states that the profession was very conservative in this area, with over 90% of ICAEW students taking a correspondence course in 1949 (Geddes, 1995, pp.136 and 142). This figure still stood at around 80% in 1962 (Solomons, 1974, p.47). At a time when the majority of the profession regarded such means of study as character building and a necessary part of professional training, students' and academics' criticisms were unaddressed (Geddes, 1995, p.144).

An alternative was to study by evening class organised by the local county councils. Local colleges ran basic bookkeeping classes, but in the 1950s students had to travel to the nearest College of Commerce to study for the professional accountancy examinations:

‘I used to do a couple of nights at the local [college], but eventually they only did bookkeeping. When we started doing going into tax and economics and all the rest of the things, we had to go to Nottingham.’(Mr R)

Such commercial courses were heavily criticised by the Carr-Saunders Report (HMSO, 1950), which stated that many classes took place in unsatisfactory conditions. Amongst other recommendations, the report recommended that professional studies should only be studied by those over eighteen, with younger recruits studying basic national certificate courses instead, and that there should be extensive development of day time courses at the technical colleges. Many colleges of commerce had grown up during the early twentieth century and by the fifties and sixties were offering day and evening programmes across a wide range of commercial subjects. Some had links to universities, for example, Birmingham College of Commerce had been affiliated to the University of Birmingham Faculty of Commerce since 1941. In the mid 1960s when the polytechnic

sector of higher education was created to focus on professional and vocational programmes of study, both full and part time, a number of these colleges, particularly those in urban centres, became part of the new polytechnics. As part of the government initiative on business education, these institutions began to offer the new Ordinary National Certificate in Business Studies and the National Diploma in Business Studies, the latter being a two year full time course, on completion of which students gained exemption from the Intermediate examination on a subject-by-subject basis ((ACCA Education Committee Report to Council 'Full Time Tuition for the Intermediate Examination' Point 8, 25.4.1961).

The liberal training requirements of the ACCA meant that study for the examinations did not have to take place alongside the gaining of relevant work experience. Although the benefits of relevant work experience were recognised, the fact was that many students, particularly those working in industry and commerce, did not have the opportunity to gain experience of all practical aspects of accounting at the same time as they were sitting the examinations. For some, this was because they worked in a specialist area:

'I had no practical experience. I mean, I'm in local government. I was mainly an auditor; an internal auditor, and so I was just not getting the necessary practice.' (Mr B)

For others, the prevailing culture in industry at the time meant that few people (including few of those who would be directly responsible for such trainees) understood the requirements of studying for a large number of subjects whilst working in just one area at the time:

'But it was a long, hard grind; it really was. Particularly with working in industry.... I think the way I did it is mostly the hardest way. I think the best way is to get into the jargon and routine - you ought to get into an

accountancy firm and do it that way because you're then working within the company and you're doing studying at the same time and, of course, they're sympathetic to it, whereas in industry, they don't really understand. Or they think probably, sometimes, that you're skiving.' (Mr N)

So the move to divorce the educational side from the practical experience was not so much revolutionary, as it would have been for the ICAEW with its formal training contracts, as evolutionary in that it merely formalised what had already been the case for many individuals. The approval of a period of full time study was given at first in order to permit overseas students from the Commonwealth and elsewhere to come to the UK to study for a period of time. Such students were generally government sponsored and would have had some (limited) work experience prior to arriving (cf. Annisette, 1999). ACCA Council provisionally approved arrangements for colonial and other students to attend full time courses at approved places of instruction for some part of their period of studentship (AJ, 1958, p.102). The growth of full time courses and demand for them continued, and in 1961 Council approved full time study for the Intermediate Stage of up to two years, on the grounds that 'an ordered course of full-time study is a far better way of obtaining [a firm grasp of principles] than any other' (ACCA Education Committee Report to Council 'Full Time Tuition for the Intermediate Examination' Point 9, 25.4.1961; AJ, 1961, p.189).

There was considerable expansion of the number of colleges involved in extensive ACCA tuition (see Table 6.10). Some colleges started sandwich courses, one of which was Staffordshire College of Commerce at Wednesbury (AJ, 1962, p.xv). The course consisted of six months full time study each year for three years and proved extremely popular with students and employers. This course would continue for nearly thirty years, and Wednesbury came to dominate ACCA public sector courses in the West Midlands.

Table 6.10 Colleges offering full time (including sandwich and block release) ACCA tuition in 1965

Aberdeen Commercial College
Abingdon – North Berkshire College of Further Education
Barnstaple – North Devon Technical College and College of Further Education
Birmingham College of Commerce
Blackpool Technical College and School of Art
Bradford Technical College
Brighton Technical College
Cardiff College of Food Technology and College of Commerce
Colchester – North-East Essex Technical College and School of Art
Consett Technical College
Dagenham – South-East College of Technology
Glasgow – Central College of Commerce and Distribution
Grays – Thurrock Technical College
Harrow Technical College and School of Art
Hertford College of Further Education
Huddersfield College of Technology
Isleworth – Polytechnic
Kettering Technical College
Kingston upon Hull College of Commerce
Kingston upon Thames College of Further Education
Leeds College of Commerce
London – Balham and Tooting College of Commerce
London – Chiswick Polytechnic
London – City of London College
London – Kilburn Polytechnic
London – Tottenham Technical College
London – West Ham College of Further Education
London – Wimbledon Technical College
Manchester College of Commerce
Newcastle upon Tyne – Municipal College of Commerce
Norwich City College
Plymouth College of Technology
Portsmouth College of Technology
Salford Technical College
Slough College
Sunderland – Monkwearmouth College of Further Education
Wednesbury – Staffordshire College of Commerce
Wigan Mining and Technical College
Worthing College of Further Education

Source: AJ, 1965, pp.297-300

Here is one respondent's experience of this type of block release course:

'I think I started off on day release, but very quickly came to the view that I couldn't do it on day release and actually persuaded, I was the only person in the Inland Revenue they ever agreed to do it for, was to do a block whereby they would, they didn't pay me whilst I was at the technical college [in Derby], but they would pay me when I went back to work as I did that in between. So managing to make ends meet. I was trying to remember the length of time that the blocks were, and I can't. But, that was a course that was a combined business studies and ACCA course. After two of the ACCA exams they were sort of reorganising the course in Derby where they were putting far more emphasis on the business studies side than the accountancy side. They were still doing the accountancy side, but the emphasis was changed. At that time I decided to move over to what was then Wednesbury Tech, which in those days was quite well known for doing the ACCA course and I've forgotten were there five papers in those days?... Oh well there may well have been six, there were a lot of exams I do know that. Anyway, again I continued this concept of block release over at Wednesbury for four or five months and then working for six or seven months, or maybe eight or nine months. When I completed that, I know I was referred in one paper in my finals and had to resit it, I'm just trying to think. I was twenty-four when I took my finals, I guess.' (Mr K)

In 1964 (AJ, 1964, p.189) Council approved full time study for the Final Stage as well, despite the fact that many members felt it was going against the tradition of the profession (AJ, 1965, p.229).⁸⁷ However many students had to continue using correspondence courses, and there was great frustration expressed in the letters pages about the poor quality of such courses, particularly when the new syllabus was introduced. But the number of courses in the public sector was steadily increasing throughout the 1960s, and colleges also began to run short revision courses.

Respondents indicated that the benefit of such college opportunities was still unusual:

'Extremely fortunate and particularly as when I started when I was twenty two years of age, or somewhere around that and in those days it was very strange for someone to start as late as twenty two to go to a day release.' (Mr A)

⁸⁷ As already stated, there were already cases of students studying for the examination part of the qualification before gaining any relevant work experience, so such comments lacked understanding of the previous 'informal' divorce of theory from practice.

As the 1960s passed, conditions eased for those of working-class backgrounds. The Butler Act had made intelligence rather than finance the requirement for a grammar school education, with a lot of local authorities then using some form of 11+ examination, often involving intelligence tests, as a means of selection. Even if there was a continuing class bias in the selection process, a greater level of mobility than before was possible, and equally importantly, a new sense of aspiration and reward for merit was officially endorsed. In 1962 conditions eased for access to the higher education level as the competitive state and local authority scholarship system was abolished and local authorities were required to finance any qualified student who gained a university place (Sanderson, 1972, p.361). This was supplemented with local authority concessionary grants for non-degree courses and therefore made the prospect of full time study much more attractive for those students who did not go to university. This interviewee, from a poor family background, regarded herself as fortunate to be able to get a grant for study purposes:

‘Well I was lucky in that Wolverhampton Council were prepared to give me a grant, a concessionary grant, providing I passed the exams.’ (Ms I)

Council had already permitted university graduates to have their practical experience reduced by two years. This was now extended on a discretionary basis to members of other relevant professional bodies (AJ, 1958, p.105), later leading to full Council approval (AJ, 1964, p.99).

Changes were made to the rules for articled clerks. Although the maximum number of clerks permitted was raised from two to four, reasonable remuneration was now required and adequate training facilities had to be provided (AJ, 1959, p.245). However no mention was made of how these requirements would be monitored. Students had

always also been able to study whilst in employment in the office of a practising accountant or whilst in employment in the accounting or finance department of industry or commerce and this continued. And as there was little monitoring of the training that clerks were experiencing standards that were highly variable:

‘Yes, and it was very very difficult when I passed the intermediate exams - I passed those first time, but then I came on to do the Final Part I and Final Part II, the experience I was getting in this one-man firm was minute, really. I mean we used to do analysis on envelopes, in actual fact. I mean we used to rip open envelopes and use large envelopes. That was the basis of doing ... well they used to do for the analysis, and that kind of thing. And so it was very hard work getting into the exams, and everything.’ (Mr L)

The philosophy of generous training requirements continued in essence to mean that any monitoring of work standards by the ACCA would be minimal, as students could work in any sector, or none at all whilst they took the examinations. Students then had to submit verified documentation about relevant work experience in order to gain admission to membership. So, whilst educational opportunities expanded greatly in the 1960s, both through provision of courses and government grants to take advantage of them, for some students nothing changed. Employers were reluctant to release commercial trainees, although engineering trainees were readily given such opportunities (see AJ, 1967, pp. 232-239). This respondent sums up the result:

‘It required a lot of effort; a lot of time and a lot of application. Particularly discipline. I mean I was working full time. I didn't have any study time off at all. It wasn't the thing in those days. I had time off to take the exams. A couple of days or so to go to Sheffield. I had a programme of sort of working Monday nights until 11pm at night. Tuesday nights were fairly light - a couple of hours, maybe, something like that. Wednesday night I had off. Thursday night was a long night. Friday night I had off. And Sunday I worked until late afternoon - sort of all day on Sunday. I passed the exams in four years, I think it was.’ (Mr Q)

The lower status of the ACCA meant that work opportunities were lower status than for chartered students, and therefore they tended to carry less benefits. In industry there were unlikely to be training schemes and ad hoc arrangements for study prevailed. The educational experience was characterised by individual, variable experiences that reflected back the diversity and difference making up the ACCA membership.

6.4.3.2 The mid 1960s – the changing nature of accountancy education

By the mid 1960s there was growing recognition that the accountancy profession lagged behind other professions in the nature of its training and in the quality of its intake, as defined by highest level of education reached. The Robbins Report of 1963 had officially raised this as a matter of governmental concern, by identifying the percentage of the 18-21 year old cohort going into higher education as critically low in comparison to other developed states. It therefore looked to increase the number of graduates by 250% over 25 years. This left the accountancy profession in a difficult position, as already it seriously lagged behind other professions in terms of the percentage graduate entry. For example in the legal profession, by 1966 44% of new solicitors were graduates, and a very high percentage were in fact graduates in law (Zander, 1980, p.80). Accountancy now began to stand out from other English professions as a non-graduate profession (*Accountancy*, 1966, p.164; Perrin, 1971). For the ICAEW, graduate entry, which had remained at 8-10% for the thirty years to 1966, rapidly increased to 23% in 1970 (Geddes, 1995, pp.296-298), although generally degrees would be non-relevant (not least because of the lack of successful provision of accounting degrees dating back to the early post-War period). For the ACCA, less than 5% of members in total were graduates (AJ, 1968, p.35).⁸⁸ Such figures compared poorly with other Anglo-Saxon countries where there were already strong

university/profession links such as the US (Zeff, 1989a, 1989b) and Canada (Richardson, 1987). In Scotland ICAS was proposing a move to graduate entry (*Accountancy*, June 1968, p.390; *The Accountant*, 23.4.1970, p.585).

One problem which followed directly from the failure to build up a successful system of accountancy degrees was the low number of accounting academics in the UK. Due to the lack of interest in academic accounting shown by the accounting profession, which was now dominated by the ICAEW, many academics had gone abroad to pursue their careers (Parker, 1997, p.44). There were only three professors and eighteen other full-time staff listed as academic accountants in 1960 (Parker, 1997, p.45). This included one ACCA member, John Rankin Small, appointed to a post at Edinburgh University in October of that year.

In addition, the rapid expansion of accountancy courses in the 1960s at the level still just below the 'university' level, referred to above in Section 6.4.3.1, had no obvious supply of trained accountancy lecturers. The pinch here was particularly felt in the polytechnics and those colleges of further and higher education which began to run accountancy foundation courses in addition to the rest of their professional accountancy programme portfolio (AJ, 1965, p.239). The provision of introductory accounting courses for ICAEW students created huge demand for practical teachers of accountancy and articles in the professional press encouraged accountants to consider lecturing (Brockington, 1964; *Accountancy*, 1964, p.764; *The Accountant*, 30.5.1964, p.703; AJ, 1967, pp.373-375). The Joint Diploma in Management Accounting services was another new initiative supported by all the main accounting bodies and was aimed at

⁸⁸ A proportion of these would have studied for degrees on a part time basis after qualifying.

students working in industry who required some basic accounting knowledge. Many local authority colleges offered tuition, adding to the pressure on lecturers (AJ, 1967, pp.153-154). Special training courses were run to encourage qualified accountants to enter education. The expansion of accountancy departments in colleges and universities led to the formation in 1973 of the Council of Departments of Accounting Studies (CODAS), comprising of representatives from thirty-two universities, twenty-two polytechnics and one college (CA, 1973, p596). This organisation bridged both the university and polytechnic sectors, and eventually became a standing committee of the British Accounting Association in 1987 (Maunder, 1997, p.72).

However, university courses did start to expand and Parker comments that consequently 'from 1969 onwards there was a surge of appointments' in accounting professors in UK universities (Parker, 1997, p.46). The new chairs were at those universities which had previously had full time lecturers, but no professors, at new institutions and at former colleges of advanced technology which had been awarded university status in 1966. Nineteen of these were qualified accountants, with three (Lawson, Samuels and Small) being ACCA members (Parker, 1997, p.48). The latter two were later to become ACCA Council members and Small in particular played a decisive role in the 1982 syllabus development.

The ICAEW realised that to maintain the position of the accountancy profession there would need to be more graduate entry, and this would also help to maintain the quality of its intake (*Accountancy*, 1962, pp.100, 382, 709; 1963, p.1132; Geddes, 1995, p.149). The ACCA, mindful of their policy regarding giving opportunity to all those capable of benefiting from it, regardless amongst other things of educational background, had no

strong wish to move in this direction. However, as discussed in Section 6.2.3. above, there were discussions taking place regarding the unification of the profession which, if successful, would have meant the ACCA forfeiting such differences.

In April 1966, the six accountancy bodies met to discuss the scope and structure of the accountancy profession in the UK, its standards of education and training, and the basis, nature and designation of qualifications which it provided.⁸⁹ The Advisory Board for Accountancy Education was set up as the appropriate vehicle for the future development and discussion of professional matters between all the accountancy bodies (AJ, 1970, pp. 564-565).⁹⁰ Professor Solomons became the director of the Long Range Enquiry into Accountancy Education. Work commenced with a questionnaire to finals students of the ICAEW, ACCA and ICMA on education and training (CA, 1972, p.661). *Prospectus for a Profession* was published in 1974 but its proposals was largely ignored as they were too academic, particularly for the ICAEW and ACCA, who placed high value on the benefits of learning on the job and having a very practical-based experience.

At this point there began a divergence in British professional accounting education. To some extent this was caused by the changing nature of ICAEW, as the split between large and small firms began (Geddes, 1995, pp.97-98). This had the effect of changing the style of accounting education with the take-off of provision of taught courses in the

⁸⁹ In particular they were to consider whether to reduce the number of separate bodies and qualifications, whether there was need for changes in standards of education and training bearing in mind the qualities needed for advanced professional services, whether there should be a lower and higher level of professional training with a ladder between the two, and whether a single designation could be adopted to cover all of public practice, industry, commerce and public service (AJ, 1966, p.164).

⁹⁰ Michael Mumford in a personal communication notes the influence of Stamp on the Advisory Board of Accountancy Education, as well as on the foundation of the British Accounting and Finance Association and its journal, the *Journal of Business Finance and Accounting*.

private sector or in-house for the big firms (Geddes, 1995, pp.146-147). The emphasis moved very strongly to passing the examinations and there was a complete separation between the private tutors, who were generally chartered accountants themselves, whose sole aim was to coach the students to pass the examinations, and college lecturers who worked in an ethos of understanding and educational enhancement (*Accountancy*, 1967, p.357). Unsurprisingly, Geddes notes, the chartered students preferred the more direct approach of the so-called 'pre-exam slam'.

For the ACCA the situation was different. The student body was far more heterogeneous in make-up than the ICAEW, where all students were on training contracts. ACCA students were from a wide range of ages, backgrounds, employments and locations, and their study patterns were also more varied due to the number of options open to them – correspondence course, day release or evening course, full time study or sandwich course. Extensive links had been built up between the ACCA and the network of local authority colleges and polytechnics since course had begun in the 1920s and 1930s. Since the expansion of vocational business education in the early 1960s colleges had gained considerable experience in managing and teaching vocational courses, both full and part time, which then gained exemptions from the ACCA's examinations. A few colleges offered full time and sandwich programmes for the ACCA's own examinations. Lecturers acted as examiners for the ACCA as well as serving on ACCA committees. There was an understanding therefore in the further and higher education network as to what the requirements of the ACCA were in terms of vocational accounting education provision. This arrangement would strengthen and deepen during the next decades with the introduction of internally assessed courses.

Whilst the ICAEW attitude of turning away from university education runs counter to the expected model of profession/university linkage and subsequent certification of knowledge, we can see that other parts of the fragmented British accountancy profession do subscribe to it in differing ways. ICAS by 1970 is due to follow the classic elite model based on a university degree with subsequent specialist disciplinary training. ACCA, given its location within the field as a lower status body, makes links which are consistent with that definition. The colleges and polytechnics offer a second tier, vocational education to those who do not attend the elite universities, for reasons of lack of educational prowess or whatever. This is consistent with the ACCA's recruitment patterns. In addition, there is a further fit between the ACCA and the vocational sector in that the mission of the polytechnics and colleges of providing accessible education to all is very much in agreement with the ACCA's 'opportunity for all'. Such a conjunction helps to reinforce further the creation of that part of professional identity that is formed in response to educational experience, in this case the creation of a competent, technically-able certified accountant.

6.5 Conclusion

Overall, then, one can see how far, within the various 'local' battles and strategies for development, followed both by the ACCA and the other leading bodies, a disciplinary agenda was played out.

From the point of view of the professional bodies themselves, amalgamation made the bodies stronger in numerical terms, but also led to a new focus on the quality of training, in which the stress on imparting and internalising suitably high-level expert knowledge constantly increased. There was a differentiation strategy in terms of identity

followed by the ACCA, but only once it had secured the right for those members in practice to maintain their legally sanctioned professional position as auditors.

At the same time, the disciplinary agenda was promoted from outside the bodies themselves, with the increasing concern of the state to ensure, both at the institutional level and in terms of the spread of subjects taught, that higher educational provision should be drastically expanded. In the 1960s there was a significant expansion at the elite 'old university' level with the founding of what at the time were known as the 'new universities', but which since the 1990s expansion should perhaps be called the 'new old universities'. By the end of the sixties, accountancy as a profession was developing ways of reversing its historic separation from and aversion to higher education, and in this process the ACCA was positioned to play its own role.

What we may then see, as we enter the 1970s, is that the ACCA had reached a position where it was both accepted as a professional body and as a 'carrier' of high-level disciplinary knowledge. This position would serve it in very good stead as it entered the 1970s, since it could trade on this identity both at home and abroad in ways that could enable it to formulate an explicit strategy for expansion as a body that could not be formally differentiated from the old chartered bodies, in terms of its right to practise and promote disciplinary expertise.

Chapter Seven - Developing a strategy for the future (1970 to 1998)

7.1 Introduction

Previous chapters have explored how the ACCA has, within the constraints of conforming to disciplinary principles, used a differentiation strategy in its education and training practices to its advantage, such that it was able to grow and occupy a significant part of the jurisdictional space of British accountancy. But in addition, in arguing for a simpler division of the ACCA's history over the past century into two parts, there is a significant aspect of that history that only comes to fruition from 1970 on. In other words, if there is a step up to a new level of 'disciplinary identity' taking place from 1950 on, in which the ACCA reaches a plateau where it has both state-granted and expertise-embedded legitimacy as a professional body, then it is only from around 1970 that it begins (or perhaps is in a position) to exploit this in more expansive ways, at home and abroad. There remains an issue about how far (or when) the ACCA develops and articulates a deliberate as opposed to an emergent strategy of expansion. Nevertheless expansion, along disciplinarity-shaped lines, is a major story of the past few decades. Such expansion is, as always, not effortless. It is argued over internally and contested externally. But one can, in this expansion phase, see the use of the education and training role as part of policy becoming both explicit and central.

In one respect this follows on trends that begin in the fifties, with the move towards the definition of the ACCA member as the 'business accountant'. Nevertheless, in the new strategic phase, the ACCA can be seen as having pursued a vigorous expansionist course, from the 1970s on, with landmarks including the achievement (at last) of a Royal Charter, sponsoring a junior accounting technicians body and targeting a major

growth in student recruitment, especially overseas. The strategy continued the emphasis on the examinations and subsequently on the business nature of its members' work, rather than returning to the earlier focus on practice aspects. The outcome was that by 1998 it had created a restructured body with a global presence and a coherent and distinctive 'brand' name.

The work that the ACCA had done during the sixties and seventies, together with colleges and polytechnics, to provide full time courses for Commonwealth students now began to pay off. As noted above, the ACCA had a long history of examining overseas, and ACCA members had reached high positions in their own countries. Developing accounting bodies now needed the benefit of the ACCA's experience in running an accredited examinations system which would ensure rigorous professional standards were maintained. From the seventies onwards the ACCA entered into a number of joint scheme arrangements and started to provide a large number of local variant papers for countries in Asia, Africa, the Caribbean and Eastern Europe. The culmination of this would be the development of an international stream of papers which would make the ACCA a global accountancy provider.

7.2 Legal framework

Although no amalgamations or integrations took place, nevertheless there were important events, starting in 1971 when the ACCA set out its plans in a document entitled 'Statement of the Council on Future Plans' (AJ, 1971, pp.161-169). This emphasised the decision to continue what was seen as the 'unique strength' of the ACCA – the straddling of both public practice and industry and commerce. In 1974 the ACCA successfully petitioned for a Royal Charter, an important 'badge' of professionalism. There were continuing attempts to unify the profession (or part of it),

in particular to secure integration with the ICWA (later to become the Chartered Institute of Management Accountants – CIMA). The identity of members was strengthened with the addition of the word ‘chartered’ to their designation. The ACCA also underwent constitutional change with its move to become a global accountancy body with a global constitution.

7.2.1 The granting of a Royal Charter

Following the rejection by chartered accountants of the plans for unification, as discussed in Chapter Six) both ACCA and the ICWA had to draw up new plans for the future. Both were perceived as lower in status to the chartered bodies. Unlike the other four British accounting bodies, neither had yet been granted a Royal Charter, the possession of which would help to raise status as a Royal Charter traditionally created the distinction between a trade association and a profession whose aim is to serve the public. Willmott (1990, p.321) states that:

‘Through the granting of a Royal Charter, an official seal of approval at the very highest level of the British state is conferred upon occupational associations.’

A Royal Charter is only granted ‘when a number of criteria are satisfied, one of which is that the work of the institution so incorporated is in the public benefit’ (Letter from the Privy Council dated 12 March, 1992, quoted in Puxty *et al.*, 1997, p.324). Despite objections from the ICAEW and ICAS, the Charter was granted in October 1974 (CA, 1974, pp.213, 585).⁹¹ Of particular note was its inclusion of the ACCA’s overseas activities (see Section 7.3 below) which distinguished it from the other Chartered Institutes.

⁹¹ The designation for the ACCA was now the Chartered Association of Certified Accountants. However, since the unfortunate ensuing acronym was ‘CACA’, this designation was subsequently reconfigured in a way that enabled the old acronym to be retained. Considerable debate ensued over this issue, before the particular solution adopted was agreed, as is discussed in more detail below.

The ACCA also made the decision to make a name change from the Association of Certified and Corporate Accountants to the Association of Certified Accountants, in order to achieve cohesion between the organisation and the individual certified accountant, the designation 'corporate accountant' having been dropped when the Corporation of Accountants merged with the LAA in 1938 (AJ, 1971, p.263).⁹²

The ICWA also applied for a Royal Charter as a means of achieving its desire to compete on level terms with the ICAEW (and also by implication the ACCA) for financial management positions (see Chapter Six). However, as Armstrong and Jones (1992, p.67) note, the ICWA were caught in a dilemma. To reposition upwards, they needed a Royal Charter which would allow them to compete in the broad area of senior management practice. This meant that they needed to reposition the knowledge base (in the form of the examination syllabus) so that it covered equivalent ground to those of the other bodies.⁹³ However, Royal Charters are only granted when there is no overlap between the petitioning body and other existing bodies. Armstrong and Jones (1992, pp.66-7) show how the ICWA were successful in manipulating the discourse. The difference between cost accounting and the accounting profession was emphasised, whilst the fact that the future examination structure actually contained a good deal of overlap with the ICAEW and the ACCA was downplayed. The ICWA was granted its Royal Charter in 1975, changing its name to the Institute of Cost and Management Accountants in 1971 and the Chartered Institute of Management Accountants (hereafter CIMA) in 1986 (*Accountancy*, July 1986, p.12).

⁹² The IMTA also changed its name in 1973 to the Chartered Institute of Public Finance and Accountancy (CIPFA), which it felt more closely reflected the nature of its members' employment (CA, 1974, p.14).

⁹³ As commented on throughout, this usage of the examination is the best example of how disciplinary practices are used to ensure compliance with the requirements of becoming a profession.

7.2.2 Further attempts at integration

The removal of the chartered label as a source of differentiation could (and perhaps under a jurisdictional analysis should) have brought the prospect of unification to the brink of fruition. There might and could continue to be functional differences, but those could presumably have been reconciled within one umbrella professional body that recognised that all the leading bodies now had in their titles some combination of the keywords ‘chartered’ and ‘accountant’. But this is not what transpired. Instead, in a way that a disciplinary analysis can comprehend, there were a number of unsuccessful attempts to achieve further rationalisation of the accounting profession which left the various bodies occupying their overlapping jurisdictional spaces, even though they all had the magic combination of keywords.

So there was a clear distinction between those accountants who could (but did not have to) work in practice (i.e. all members of ICAS, ICAEW and some members of the ACCA), and those who could never practise, because they did not have the necessary work experience to gain a practising certificate. There was no similar distinction between any of the accountants who worked in industry, but there were both content and status distinctions, which were not necessarily simple and unidirectional. So CIMA accountants might be perceived as fitted better for functional management accounting roles, but not necessarily preferred for Finance Director roles, where accountants from the old chartered bodies might expect an inside track. Meanwhile in practice ACCA members might occupy either of these roles, and also find that, finally, they were able to penetrate the inner sanctum of leading audit practice firms, and achieve partnership status.

So there was a new state of flux. This was so, even if it remained the case that the big business corporations typically employed ICAEW or ICAS chartered accountants in the top financial roles. For increasing numbers of certified, management and indeed chartered accountants were employed in the ranks of middle and junior management.⁹⁴ Similarly the public sector, where CIPFA had traditionally been dominant, began to be increasingly infiltrated by certified and management accountants, particularly following privatisation and the move to trust status for the NHS. In this process, the boundaries between ACCA and CIMA became more permeable.⁹⁵

It was in this context, where functionally differentiated boundaries were diminishing, and yet it remained apparently impossible to secure unification, that the ACCA Council decided to go for a form of 'unilateral unification', by amending bye-law 6 to permit members of the other five accounting bodies to become members of the ACCA without the need to sit the final examinations, as long as they had suitable experience (CA, 1980, pp.271, 356, 385-387). In the short term, this led to a further increase in members of over 1,000 in one year (CA, 1981, p.154). At the same time, there was much adverse comment about the decision in letters to *Certified Accountant*, as interestingly many members felt that Council was devaluing their own qualification by offering it as a form of 'free good' to all other qualified accountants. Council members responded in letters that the ACCA was merely continuing in its task to open up the accountancy profession to all, for instance with the argument that it had long pursued integration within the

⁹⁴ Matthews *et al.* (1998, pp.203-227) give a discussion as to how accountants reached the top of their organisation; for certified and management accountants the route was harder and longer than for chartered accountants.

⁹⁵ The author, on entering industry in 1985, was asked whether she wished to study for the ACCA or CIMA qualification. Showing a high degree of instrumentalism, she elected for the ACCA, as she gained exemption from the Level I examinations and so had less examinations to complete. As future job opportunities were determined by her work experience rather than which qualification she had, the choice did not affect her future career in industry.

profession and, as the last attempt of 1970 had failed, this was a further attempt at unification (CA, 1981, pp.41-43).

The net result was another stalemate, where opinion was split. Some members felt that it was right for the ACCA to take a lead on this issue; meanwhile others, perhaps reflecting a residual sense of status difference, argued that the ICAEW should be the ones to initiate new discussions. Some who were interested in the wider picture were aware that there were new threats and opportunities facing the profession as a whole and the ACCA in particular, e.g. global requirements, especially from the Commonwealth and EEC, the threat of other professions (in particular law and banking) encroaching into accountancy, and the need for legitimated specialisation which would arguably be best met by incorporating all bodies into a unified profession (CA, 1981, pp.57-58). In this context, it was not perhaps surprising that further proposals would be forthcoming, just as it should not have been necessarily surprising that they foundered on one rock of objection or another.

7.2.2.1 The 1982 ACCA/CIMA proposal

Most proposals for integration are made by the Council of the body in question (Shackleton and Walker, 1998). Unusually, the 1982 proposal for a merger between the ACCA and CIMA was made by an ordinary member, Alan Brooks, who was jointly qualified with both bodies. He succeeded in proposing a special resolution for merger talks between the ACCA and CIMA. Although a simple majority voted in favour of the plans, a two thirds majority was required. A similar motion to CIMA members failed to gain majority support. Alan Brooks raised the issue again in a letter in 1985 (CA, 1985, p.6), which sparked considerable correspondence. The reasons put forward for the

merger were that as there was to be no overall rationalisation of the accountancy profession, it would bring about a good business effect for ACCA and CIMA. The name and status of members would be enhanced, and there would be less confusion for the public. There would be other advantages for training, education, administration and so on.

However, the partial integration of the profession was seen by many to have significant disadvantages. In particular it would cause loss of identity for two bodies with distinctive features of their own, it would give rise to internal tensions with too many factions competing for prominence and it would also detract from any eventual total integration of the profession (CA, July 1985, pp.6-7).

From the CIMA side there was the real prospect of the loss of an identity that was clearly different through being based on functional differentiation. From the ACCA side, there was, for an interested minority, the danger that practising members would end up as a tiny minority (CA, September 1985, p.10). Whilst the ACCA Council remained officially neutral, CIMA's official view recognised the concern of its membership, and so argued that this would merely create another generalist body which could further delay the prospect of full integration (CA, April 1982, p.10). What was therefore brought home was the problem of how to reconcile under the two terms 'chartered' and 'accountant' the very different professional interests of two groups who could now legitimately lay claim to a title including these terms. On one side, there was the large number of accountants who had trained in industry. To those on the practice side, they were frequently now seen as a major barrier to overall integration of the profession. Further, since those in practice would need, at the level of the state, statutory

recognition, both sides could see that with unification there might need to be two classes of member, which was generally seen as undesirable (CA, September 1985, p.12).

7.2.2.2. The 1988 ICAEW/ICAS proposal

There was another attempt at merger in 1988, this time at the level of the old chartered bodies, between ICAEW and ICAS, with a view to creating a super-elite British accountancy body. But on this occasion it was ICAS members who were unhappy with the proposals.⁹⁶ The removal of the requirement for a relevant degree was seen as a retrograde step, and in addition the proposed EC rules on registration of a practice with an authorised body would leave the Scottish Institute very small. As had happened previously, the merger plans were rejected by ICAS.

The ICAEW next courted CIPFA (in 1990) but again there were status difference issues, and when the crunch came, the rank and file of members (this time from the ICAEW) were not sufficiently in step with Council plans. Although CIPFA members were overwhelmingly in favour there was narrow rejection by ICAEW members.⁹⁷

The interesting next step forward, particularly from a disciplinary viewpoint, was a move to consolidate at the level where disciplinary expertise had particular and direct commercial payoffs. So it was that the elite element of the profession moved on to a

⁹⁶ Shackleton and Walker (1998) note how London-generated proposals in general are not favourably viewed by those geographically distant from the UK capital. If there has always been a particular frisson when the proposals are directed at those north of the border, one may also note that in this case there was a superior status argument in disciplinary terms to be marshalled by the Scots, since they had always had a strong connection between the professional body and higher education.

⁹⁷ The situation was mirrored in Canada as merger plans broke down between the Canadian Institute of Chartered Accountants and the Certified General Accountants – the Certified General Accountants instead launched a bid to be deemed equivalent to Canadian chartered accountants (CA, January 1989, p.13).

new kind of unification – in the shape of mergers between the big eight accountancy firms, with Ernst & Whinney and Arthur Young leading the way in summer 1989.

This did have a professional body dimension, since there was already by the 1970s an increasing domination of the ICAEW's policy and committee structure by the big eight accounting firms, and it was becoming clear to the membership at large (the majority of whom were not employed in the big eight) that their agenda was very different to that of the small chartered practitioners.

Thus there were further potential shifts in the jurisdictional loyalties of practising accountants, which potentially benefited the ACCA. As the small chartered firms' voice had effectively been silenced, there was a new opportunity for the ACCA to take on the role of protecting the interests of the small firms.⁹⁸ Most of the ACCA's practising members worked in small firms, and so there was no distance between the ACCA's corporate voice and that of the small practitioner.

7.2.2.3 The 1993 Bishop Report

In the continuing saga of merger attempts, the next move was an attempt to escape from the kind of bargaining games that had marked the attempts so far by jointly agreeing the setting up of an independent body to consider the options from a distanced and putatively objective perspective. Consequently in May 1993 a working party was established by the CCAB under the chairmanship of David Bishop, who was both a past President of the ACCA and a partner in KPMG.

⁹⁸ Matthews (2000, p.59) notes how the chartered sole practitioner did not talk the same language as the ex-senior partner of a big firm and could almost have been in a different profession.

The Bishop Report put forward a geographical solution to rationalise the UK profession, with three institutes based in London, Edinburgh and Dublin/Belfast; a common title, and common entry and assessment standards for education and training with differentiation for market needs. The proposed solution perhaps predictably met with a range of ‘killer objections’. But in retrospect it arguably had no chance of success when it was offering a solution based on the assumption that there was one form of differentiation at stake, when historically there were three – not only geographical, but also functional and status.

From a purely ACCA perspective, this solution, like the 1960s integration proposal, failed to address the complex status issues, and the particular objection that was raised in that regard was that the proposal would go against one of the core values of the ACCA – to give the opportunity to people, irrespective of background or previous education, to prove that they were capable of undertaking professional careers.⁹⁹ Opposition crystallised around the potential betrayal of the ACCA’s longstanding fight against exclusivism. Open access had always been strongly supported, with members of Council such as Professor Mike Harvey and Michael Foulds noting how they had benefited from it. Both had been mature entrants into the profession, having followed other careers first.¹⁰⁰ Michael Foulds specifically commented (CA, October 1995, p.50):

‘I have always been and will always be a staunch advocate of open access, not least because it opened a door for me.’

These representations against exclusivism at the top of the ACCA organisational structure ensured that the open access policy remained in place so that others would

⁹⁹ The ACCA’s core values were stated to be: open access to the profession; flexibility in education and training and an outward looking approach, supporting the development of accountancy on an international basis. Any restructuring would need to take these into account (CA, May 1994, p6).

have the same opportunity that they themselves had been given.¹⁰¹ This also struck a chord with other members who recalled the importance of the 'second chance' philosophy of the ACCA (e.g. letters in CA, February 1996, pp.19-20, with one from Malcolm Ray-Smith of Sunderland, an eleven-plus failure back in 1962). This chimed with the views expressed in interviews by retired members of the ACCA, who almost without exception felt that without the opportunities given by the ACCA they would not have had the chance to better themselves in life. This is how one retired member, who benefited from the opportunity himself, still thinks that the ACCA gives this opportunity to many people today:

'As I say, there was a chap there [pointing to a house across the street] – and there was a chap over there. Next door - we studied together. And one was an audit clerk in the National Coal Board and the other one was an audit clerk with the Electricity Board. And they were exactly the same. The only way that we could do anything - and this is why I always say it - I owe a lot to the ACCA. This is the fact that they did give us all the chance to lift ourselves; [from] not just being an ordinary bookkeeper... And this is where ACCA really blew it wide open. ...And, as I say, I think the ACCA at that time ... I think they are now; I think they're the ones who can give opportunity to a lot of people that normally would never have done it.' (Mr R)

This open access policy was clearly seen almost as a unique selling point among my interviewees, and is still seen today to be one of the ACCA's greatest strengths:

'I think there's still a place for open access, I think that's vital because for one reason or the personal circumstances someone might not have the opportunity to go to university and it would be a shame to close the door to people that have the ability, but don't get the opportunity like myself, I'm biased.' (Ms I)

Consequently, it is not surprising that respondents were generally in agreement that the ACCA should retain this open access policy, rather than move towards an all graduate

¹⁰⁰ Harvey in his family knitwear business and Foulds in hotel management.

¹⁰¹ Within the ACCA there continued to be scope to allow the opinion of the individual to be heard in a way that was no longer possible in the bureaucratic structure of the ICAEW (CA, 1981, pp.57-58).

entry, because they wished future generations of students to receive the same opportunities as those from which they themselves had benefited.

This was not the only cause of concern that the Bishop Report raised for the ACCA. The Association was also concerned to maintain the position of 'difference' that it had built up, for example in relation to small practitioners.¹⁰² The ACCA official discourse argued for harmonisation, co-operation and no more, wishing to see diversity and healthy competition, with the opportunity for different voices to speak out within the accountancy profession (see for example President's speech, CA, April 1994, pp.22-23). Members entered into a wide ranging discussion of the issues surrounding integration, including the acknowledgement that the title of 'chartered accountant' will never be shared by the chartered bodies (letters, CA, June 1994, pp.23-25; CA, July 1994, pp.20-21 and CA, September 1994, p.21). As a compromise solution, the ACCA Council proposed the establishment of a General Accounting Council to deal with those areas where the profession has a shared responsibility, in particular, in matters concerning the public interest, and auditor independence (CA, October 1994, pp.20-21).

Given this level of opposition, it is not surprising that, as with all the previous attempts, the Bishop proposals were dropped due to a lack of support. In addition to the problems that were raised for the various professional bodies by a proposal based on geographical differentiation, there was the complexity added by the consolidation of the Big Eight. The disparities between the objectives of the big audit firms and the other elements of

¹⁰² This was a shift in ACCA organisation stance, as previously it had always stood for unity. Such a shift reflects the confidence in its own identity that the organisation had developed in the period since 1970.

the accounting profession, whether in practice or in industry, was the icing on the cake that finally meant that it was impossible to achieve any agreement.¹⁰³

7.2.2.4 The 1998 ACCA proposal

In July 1998 the ACCA proposed that ACCA, CIMA and CIPFA should come together as partners to create a new world-class professional accountancy body with a membership of some 120,000. In a letter to members of the three bodies, Anthea Rose, the Chief Executive, stated:

‘ACCA believes that the public interest benefits from a measure of choice and diversity. We believe that our proposals will strike an appropriate balance between, on the one hand, greater coherence and efficiency and, on the other, protection of the distinguishing features of the UK profession.’ (Letter dated 15th July 1998)

A separate letter to ACCA members from Michael Foulds, the President, emphasised the benefits that increased size would bring in terms of influence within the profession.

As previous merger attempts had been supported by Councils, but rejected after voting by members, this proposal asked members to respond so that overall support could be ascertained at an early stage of the proposal, before detailed negotiations were carried out. But such an approach alienated the leadership of CIMA and CIPFA, and despite much positive support from the grassroots, the proposal had folded by October 1998 (*Accountancy Age*, 20th August 1998, 3rd September 1998, 1st October 1998).

¹⁰³ From the 1960s there has been a three way split in the ICAEW between the big firms, the small firms and those working in industry. The big firms dominate Council but because a two thirds majority is required for any decision they cannot speak ‘with one voice’ This means that ‘[t]he ICAEW has encountered enormous difficulty since World War II in obtaining its members (sic) approval for policy changes most notably on the issue of integration with the other UK accountancy bodies’ (Geddes, 1995, p.121). Roslender (1992, p.200) states that the ICAEW ‘is under severe pressure on a number of fronts and seems to stumble from one crisis to another in a distinctly reactive manner’.

Shackleton and Walker (1998) comment on the problems faced by any of the British accountancy professions' office-bearing elites who devise rationalisation plans. Although the procedure for this merger proposal was different from many predecessors by being put to the members at an early stage, there were still the same significant hurdles to overcome of functional and geographical fragmentation, and in addition of persuading the members within each of the bodies concerned that rationalisation is in their individual as well as collective best interests. So it was perhaps unsurprising that, once again, even a most carefully crafted proposal should meet with disappointment, and fail to get off the drawing board. However, the ACCA had a rather different kind of proposal for identity consolidation, which came to fruition in the mid-1990s.

7.2.3 The chartered certified designation

Once the ACCA had gained its Royal Charter, it had, as noted at the start of this chapter, been designated as The Chartered Association of Certified Accountants. Members had always disliked the fact that this official name failed to correspond to the acronym 'ACCA', as it was felt that this diluted the identity of the organisation. In addition, there was confusion about what a 'certified accountant' was, as compared to, say, a 'chartered accountant' in the UK or a 'certified public accountant' in some overseas countries. The ACCA, through its earlier amalgamations, had access to a number of possible other titles, including that of 'Certified Public Accountant (CPA)', which was suggested as a possible alternative (Letters, CA, May 1991, p.18, June 1991, p18). However, the designation 'chartered accountant' has always been held in much higher regard in the UK than any other title. Both ACCA and CIMA had applied to the Privy Council for permission for their members to call themselves 'chartered' after their Royal Charters had been granted but this had been refused. In 1995 CIMA applied again for its members to be called 'chartered management accountants' and CIPFA also

applied for its members to have the 'chartered' designation. This was granted, leaving the ACCA in a weak position as the only one of the six bodies not to have this privilege. Such a position could threaten its status as the third accountancy body in the country. Members feared that their status would slip to them being placed alongside those accountants with lesser or no qualifications. This fear was not unfounded; as public perception had never moved beyond recognition of the Chartered Institutes. The following quote demonstrates:

'I must admit if you say you're a qualified accountant, people immediately assume that you are a Chartered Accountant because that's the only one, it's prevalent. And sometimes they ask if you can do the work because you're not Chartered. Not so much nowadays, but fifteen years ago I think I was questioned a number of times as to whether the qualification allowed me to carry out an audit.' (Ms H)

The choice of a new designation for the ACCA was problematic. It needed to include the word 'chartered' to achieve the necessary status that the ACCA sought for its members. So, although the ACCA had access to the designation 'certified public accountant', this term was inappropriate.¹⁰⁴ Eventually the ACCA Council settled on the name 'Association of Chartered Public Accountants' with 'ACPA' and 'FCPA' as designatory letters. This decision was spelt out in a rare editorial from Anthea Rose, the Chief Executive (CA, July 1995, pp.1-3).

In 1996 the Privy Council permitted the designation 'chartered' for all six accountancy bodies. This could be seen as the achievement of a long standing aim to see differentiation between, on the one hand, the members of the six main accounting bodies and on the other, those who belonged to other accounting associations or to none,

¹⁰⁴ There were also geographical problems because of what the designation conveyed in different countries. So, although Malaysians were very much in favour of this title because it was one of prestige in the Far East, the Irish members were against it because it replicated an inferior body, the Institute of Certified Public Accountants (CA, October 1995, p.7).

and was therefore the culmination of many decades' work by the ACCA, CIPFA and latterly by CIMA. However the name 'Chartered Public Accountant' was not permitted. Many members suggested that the designation 'Chartered Certified Accountant' and the name 'Association of Chartered Certified Accountants' would be appropriate. The word 'certified' would thus be retained, with all its significance, and once again the name would tie in with the acronym. Although 'chartered' and 'certified' have considerable overlap in meaning, Council felt that the opportunity to use the word 'chartered' in the title outweighed any disadvantages, and that members who wished to retain the identity of pertaining to the 'certified' designation would be happy to adopt the new title (CA, January 1996, p.1). Above all, it gave protection against the ranks of non-chartered accountants out there. The name change was approved by Privy Council in October 1996, despite opposition from the ICAEW (*Accountancy*, August 1996, p.13). The hope was that the name 'chartered' would come to be the generic term for 'professionally qualified' (CA, November 1996, pp.1-2) and this would help in particular small practices to market their services effectively. This certainly proved the case for one small practitioner:

'...they look for the chartered tab. I actually push now the fact that I'm chartered, chartered certified. I always say chartered certified, but people say chartered? I say chartered certified, I add it. I'm proud of being a certified accountant and I think it's incumbent of everyone who is to make it clear to everyone you come into contact with. It can be used to advantage in business and I continue to use that to advantage.' (Ms I)

It can be argued that a new designation such as 'chartered public accountant' would have fragmented the identity of the certified accountant, as the introduction of new words would have had no history attached to them. The choice of the new designation was therefore arguably the best compromise available, on two grounds. First it

strengthened the identity of the certified accountant by adding the perceived 'high quality' word 'chartered'; and at the same time it retained the acronym 'ACCA'.

7.2.3.1 Perceptions of certified accountants in practice

It is clear from the comments in Section 7.2.2 above that the boundary between the small chartered and certified firms of accountants had become highly permeated. As the attitudes between the big and the small chartered firms became ever more divergent, the small chartered firm started to fall below the visibility of ICAEW Council, and began to have more in common with the average certified firm. The diminishing differentiation between the two was heightened by the relaxation of the rules on mixed partnerships in the mid-1980s, with any status differentials largely being removed in form, although still there in the informal discourse.

Whilst certified accountants working in chartered practices on the whole received appropriate work experience to progress their careers, they generally encountered problems when the time came to move towards partnership. In the 1970s, it was not possible to go into a chartered partnership, so this meant moving on elsewhere:

'...at that particular time, over the next 2 or 3 years, there was the change in (or the possibility) of the certified accountants and the chartered accountants incorporating - and of the two sides walking side by side, and it got to the stage where the question of a partnership of *** was on the cards, sort of thing, but there was a reluctance on their part to want to take over a certified accountant as far as the practice was concerned.' (Mr L)

If chartered firms did see a certified accountant as potential partner material, he/she had to do the chartered exams, which would take a number of years to complete:

'probably getting on toward the back end of '74 that's when the firm here said to me would I do my chartered exams? They approached me and asked me to do it. To which I said, yes.....I mean in those days people were far less open than we are with people today. I mean nobody said we've got you earmarked as a partner, you don't actually say those things,

but clearly people were coming through and in those days we didn't make partners unless they were Chartered Accountants. The irony of it all was, I was made a partner in 1981 so I must have passed my chartered finals either '78 or '79, because you then have to get your practising certificate, and the year in which I was made a partner, the firm decided to change its mind and it didn't matter whether you were a chartered accountant or not, you could become a partner. So I did all that work for probably nothing in that regard.' (Mr K)

A comparison between chartered and certified firms is difficult to make because many factors obscure the issues, including the number and qualification of partners, their age and date of qualification, the qualifications of employees, etc. Respondents, who came from a range of different practice backgrounds, tended towards two views.

A majority, at the end of the day, would wish to be chartered, because of the social status (for better or worse) that it implied. There were many responses similar to the following:

'There's some snob value attached to being a Chartered Accountant so I think if I had my time again I probably would have gone for Chartered and been articled. I never admit it in public!' (Ms H)

In terms of competence and value offered, respondents were confident that the training they had received as certified accountants put them in at least as good, if not better, position as chartered accountants, where the grounding was more on large firm requirements, as illustrated by the following comment:

'I do find, I mean there are always exceptions, but I do find Certified Accountants more competent in the practices and the people I've met and the jobs I've taken over, generally speaking the Certified Accountants are better.' (Ms H)

Some respondents were in mixed practices and on the whole felt that being certified rather than chartered had not been a problem in work terms, although the status may have rankled, particularly at such sensitive moments as the transition to partnership:

‘Well it hasn't stopped me from achieving [a partnership], but I really get my leg pulled about it. When I first started going to Partners' meetings they would ask me where my lasso was and horse and things like this, because they still think that Chartered are the only branch, but... It hasn't held me back, it hasn't done anything to advance my career' (Mr Y)

Relaxation of the rules on mixed partnerships in the mid-eighties made it easier for certified accountants to be full partners:

‘Mr * is the only Certified Partner, Mr ** also holds the qualification but he qualified as Chartered and acquired the Certified Accountancy qualification to go into partnership with a Certified Accountant way back and has kept the dual qualification.... Mr **, Mr * and myself have all been here since 1969 when we moved into the building, and it just developed that we took our, well Mr ** was a partner in the first instance and Mr * and I just took quotas of clients anyway and became partners in the fullness of time. So initially it was something of a stumbling block because mixed practices were more difficult in the good old days. But when the situation relaxed we took advantage of that. So the other partners we've got are all Chartered who've come in since but we've had Certified students go through the system and our Practice Manager is a Certified Accountant as well' (Mr F)

This last comment is perhaps an ironic sign that, yet again, as one kind of status differentiation has disappeared, a new form has come to take its place, as the mature meritocratic approach offers a new means of maintaining difference, on the grounds that ‘leaders’ will come from an elite as defined by decisions made at the point of recruitment, with the most highly qualified in terms of previous educational achievements having been selected for an ‘old Chartered’ training. At the same time, as a result of the gradual softening in attitude, the need for double qualifications has gone away:

‘I think you see less of that double qualification nowadays than you did for my generation. I mean as I said the only reason I'm double qualified is because the fairly stuffy approach that the chartered had in the early '70s.’ (Mr K)

In terms of identity, therefore, what has emerged is that the competence and technical ability of certified accountants working in small practices is seen as being as good as, if not better than, chartered accountants in the same field of work. However the lack of recognition of the certified qualification by the general public means that certified accountants still often perceive themselves as being at a disadvantage in the market place.

7.3 The international dimension re-interpreted

With the failure of unification of the profession in 1970, the ACCA was free to pursue its plans with respect to international development.¹⁰⁵ Growth opportunities in the UK were limited, as the market was dominated by the ICAEW, which in 1970 was larger than all the other bodies combined (see Table 7.1), and which offered strong competition as one of the elite bodies in accounting. In order to expand the membership, the ACCA had an opportunity to exploit the growing demand for accountants overseas, particularly in developing countries where its international status would be respected (Briston and Kedsle, 1997, p.184). Here the importance of the credentialling system to the future of the ACCA was overtly acknowledged, with the existing presence of an infrastructure of examination centres giving it a competitive advantage (along with CIMA, which was in a similar, although less well-established position).

The ACCA's 'Future Plans' document of 1971 (see Section 7.2 above) referred specifically to the history of assisting overseas countries with the establishment of examination and training structures. This made it clear that the ACCA wished to

¹⁰⁵ If unification had been achieved, the ACCA would have become part of a UK-based body with no overseas activities.

strengthen and extend its influence on a global basis, through the development of closer relationships between the assistance given by the ACCA and the subsequent development of accountancy structures on a collaborative basis.

7.3.1 International growth

The ACCA had always had an international element, with its sphere of influence being largely in the Commonwealth, particularly Hong Kong, Malaysia, Nigeria and the West Indies. A network of examination centres had been established overseas in the 1930s. In the 1960s, in order to assist Commonwealth countries in staffing their developing national accounting systems with qualified accountants, overseas students had been permitted to study on full time courses in the UK (see Section 6.3).

A further opportunity for growth had arisen following the reorganisation of the big chartered accountancy firms as international partnerships, initially driven from the US (Boys, 1989; Wootton and Wolk, 1992; Geddes, 1995, p.102). The setting up of new offices around the world meant that there was a requirement for locally trained staff to fill the new posts created.

After the 'Future Plans' document had been published the ACCA petitioned for its Royal Charter. Because of its extensive overseas activities it sought to ensure that its Royal Charter reflected its international outlook and so it had the right to 'procure recognition' abroad and to 'exercise any of its objects or powers in any part of the world'. This is indirect evidence that the ACCA wished to pursue overseas expansion, although Briston and Kedsle (1997, p.186) note that the internal motivation is not clear, stating that:

Table 7.1 Membership of major UK accountancy bodies 1971 – 1995

	1971	1981	1991	1995
ICAEW	51,660	73,781	97,720	109,233
ICAS	8,558	10,586	12,653	14,016
ICAI	2,433	4,280	7,584	9,505
ACCA	13,680	24,265	37,765	47,230
CIMA	12,003	20,328	31,976	41,634
CIPFA	5,759	8,673	10,792	12,002

Source: Matthews *et al.*, 1998, p.62.

Table 7.2 Growth in ACCA members & student numbers 1970–1997

	Members	Students
1970	13,680	25,107
1985	28,430	71,579
1990	35,768	85,909
1997	60,046	127,066

Sources: ACCA Annual Reports

Table 7.3 Growth in overseas membership 1969-1995

	1969	1985	1989	1995
Overseas	1,376	8,848	11,111	18,249
Total	12,140	27,276	32,363	47,231
%	11%	32.4%	34.3%	38.6%

Source: Adapted from Briston and Kedslie, 1997, pp.179 and 182

¹Empire and Commonwealth members only

‘Informal discussions with officers of ACCA have suggested that there was not initially a concerted policy leading towards international expansion and that this expansion occurred as a result of the pursuit of individual, separate initiatives and opportunities. This argument is supported by the suggestion that the elected (and thus transitory) officers of various professional bodies often express a desire to be associated with a particular reform or innovation during their term of office.’

Whatever the motivations, the evidence in terms of numbers shows that the ACCA policy was extremely successful as student and membership numbers soared (see Tables 7.2, and 7.3).

7.3.2 The development of overseas local institutes, joint schemes and variant papers

The ACCA’s main strength to small national bodies was that it offered a rigorous qualification that had been proved as worthy of professional status over the years. Following independence from the UK, many small Commonwealth countries set up their own local accounting bodies for nationalist reasons, but did not have the resources or expertise to set and mark their own examinations. The simple solution was to pass a resolution within the local body that holding the ACCA qualification (or other equivalent qualifications) would give membership of the local Institute. This option was adopted by Cyprus, amongst other countries. In 1991 George Michaelides, then President of the national Institute, claimed that Cyprus had maintained its high standards because it did not create its own accountants through being an examining body, but instead accepted members of other recognised bodies (CA, March 1991, p.15).¹⁰⁶ The Institute of Chartered Accountants of Trinidad and Tobago (ICATT) also adopted this decision, arriving at an agreement in 1973 that the ACCA examinations would be used as a credentialling arrangement by ICATT (Annisette, 2000, p.647). Here

¹⁰⁶ In 1991 over 90% of the 460 members of the Cyprus Institute were members of the ACCA.

the ACCA's proven credentialling system, involving many statistical checks to ensure that the process was free from bias, offered considerable benefit.

It had been apparent since the early 1970s that it was inappropriate for overseas students with different local law and tax regimes to qualify as members of local accounting bodies when their examinations were based entirely on the UK legal and tax systems (Education Committee Minutes 10th January 1973, No.1). However it took over ten years for a working party to be set up to consider the feasibility of examinations in national tax and law for overseas students (CA, 1980, p.63). The first joint scheme agreed was in 1980 between the ACCA and the Hong Kong Society of Accountants, with local variants for tax and law, giving successful students the opportunity to apply for membership of either one or both bodies on completion (CA, 1981, p.136). Joint exam schemes with the West Indies were discussed by Vera di Palma during her Presidential visit to Barbados in 1981 (CA, 1982, Jan. p.40). A joint examination scheme agreed with Singapore Society of Accountants led to 4,000 Singapore students joining the student body (CA, April 1983, p.14). This was followed by joint schemes with Malaysia, Zambia and Botswana (CA, Jan 1984, p.50; August 1985, p.15; December 1990, p.11).

With the demise of the Soviet Union, a new area of influence opened up as western businesses entered into local agreements with Eastern European emerging organisations, often in the wake of recommendations from US-led economists and consultants for a switch to market-based approaches to economic activity. This led to a widespread and insistent demand for western accounting practices. When the global accounting firms moved in they also required a system enabling local employees to qualify. The ACCA

was the obvious choice as its credentialling system was already proven in overseas contexts. The Czech Union of Accountants asked the ACCA to advise on creating a system for assessment and examination, as well as training accountants in Western accountancy practice. The British Council's Know How Fund provided funds for this and other similar projects in Yugoslavia and Hungary (CA, April 1991, p.11).

By 1986 the ACCA had eighteen branches in sixteen countries. ACCA members had direct entry to some fifteen accountancy bodies, including in the Caribbean, Africa and the Far East, and significant exemptions in a further ten. This continues to be a major benefit of ACCA membership. Its recognition as an authoritative accountancy body in many different countries gives access to practising rights even within restricted fields within those countries following the successful passing of the relevant law and tax variants.¹⁰⁷ There were also joint exam schemes with Barbados, Jamaica, Trinidad, Malawi, Zambia, the Arab world, Hong Kong and Singapore, the last two with variant papers in tax and law. Nearly half of the ACCA's students were now overseas based (35,000 out of 72,000). More importantly for the ongoing work of the ACCA, many overseas members went on to occupy high ranking positions in governmental, commercial and professional spheres (e.g. auditor general and accountant general), where they would be in a position to influence the development of accountancy within their country (CA, May 1986, pp.16-18).

¹⁰⁷ Michael Mumford comments in a personal communication that 'this promise of occupational mobility no doubt appeals to some of the several thousand ACCA members in Hong Kong, Singapore and Malaysia. Similarly, scores of ACCA members originating from amongst the East African Asian community have moved to work in the UK or in Canada.'

7.3.3 An increasing international identity

An international affairs committee oversaw the expansion of overseas work and the number of overseas visits by ACCA presidents and other staff was increased. This last point was subject to criticism from UK members, and it became apparent that there were two evolving identities, one concerning the UK members who were interested in working towards rationalisation in the UK, and one concerning international members, whose needs would best be served by the ACCA becoming a global accountancy body.

In addition, the countries that the ACCA was represented in were changing. Countries such as the African Commonwealth, where there had been substantial links in the past, were now developing their own national bodies and had less need of the opportunities given by the ACCA. So, for example, Nigerian membership went down. Instead the ACCA sought to promote its expertise and experience in partnership with developing countries. There were many opportunities in the 1990s in Eastern Europe and in the Far East. Links with China were seen as a good opportunity for the ACCA, in particular with its strong Hong Kong presence. There was considerable scope for establishing a network in China and nurturing the infancy of Chinese accounting (CA, December 1989, p.16). The ACCA actively promoted overseas expansion, and in 1990 entered into an agreement with China for ACCA recognition in China and Hong Kong (CA, June/July 1990, p.16). In China, there were huge opportunities for ACCA expansion, as there was forecast to be a need for 300,000 qualified accountants out of approx. 10 million working in accounting related areas (CA, April 1994, p.25). By 1994 numbers studying in China for the ACCA qualification had increased to 500, mainly working with large international audit firms and multinational corporations. A co-operation agreement was signed with the Chinese Institute of Certified Public Accountants

(CICPA) in November 1994, which provided for regular meetings between the two bodies and the exchange of information primarily in the area of education and training.

The ACCA was now such a strong global presence that it was able to re-establish itself in countries which it had left following the development of national organisations. Presence in South Africa was re-established after nearly thirty years absence, as when the national profession was rationalised and recognised in law as the only valid accounting qualification there had been subsequent loss of recognition of the ACCA qualification. The opening up of the country since the breakdown of apartheid led to a change in the law that gave certified accountants partial recognition in that they could perform the duties of an accounting officer in companies, and the ACCA introduced its open learning programmes into the country (CA, August 1994, p.5). In Sri Lanka tuition was reintroduced despite the strong presence of the Institute of Chartered Accountants of Sri Lanka and CIMA (CA, May 1992, p.9).

Overseas growth was so successful that in 1996 the ACCA won the Queen's Award for Export Achievement, after showing a consistently high level of export growth over at least six years (CA, May 1996, p.12).

In a journal article (CA June 1994, pp.20-21), Michael Harvey, who had been involved in educational matters at the ACCA for over ten years, sought to justify the importance and added value to the ACCA of its large international presence. He said that overseas membership could be viewed in two ways – either as a cynical exploitation with self-interest, or as something that added a great richness and status to the ACCA as a whole. International membership was growing rapidly, because overseas members got the

benefit of UK statutory recognition, which then became the basis for international recognition. In addition the ACCA was helping to develop new professional accountancy bodies in many countries. In his view this was seen to enhance the ACCA's reputation, both at home and overseas.

Briston and Kedsle (1997, p.186) are less sure about the ACCA's motives. Taking up the line of thinking implicit in the first of Harvey's alternatives, they argue that the overseas activities of the ACCA are 'a series of isolated initiatives which seem motivated by either or both of prestige or profit.' They also argue that the persistent export of western-style accounting qualifications and accounting knowledge is damaging to the developing countries in Africa and the West Indies, where local accounting needs are very different to the sophisticated capital market economies of the west. Annisette (2000) comments that as the failure of the 1970 UK integration scheme left the ACCA free to pursue its overseas expansion, local institutions saw an easy means of adopting an established and internationally-respected credentialling system. This meant that indigenous movements failed to materialise as there was no local incentive for them, and hence there was uncritical adoption of the Anglo-American accounting model.

I would also suggest that there are deeper educational problems. Overseas pass rates have always been lower than those for 'home' students (see Table 6.1). Briston and Kedsle (1997, p.189) point out that this can be due to such things as not having the money to buy up-to-date text books and having to study non-relevant British accounting standards and laws. A lack of understanding of modern western educational practice also leads to significant learning problems. Modern Western-style exam papers require

students to contextualise their answers, and therefore they need construct a far more complex answer than was the case with traditional-style questions (see Section 6.4.2.1 above). Unless students are taught to approach learning in a different way, they are unlikely to be successful, even if they have the necessary knowledge. An additional problem for overseas students is that as the papers are set and moderated by British examiners, they may also use language or refer to cultural practices and concepts that are unfamiliar to overseas students.

7.3.4 A new international constitution

To reflect the changed demography of the ACCA's membership (see Table 7.3), proposals were put forward for a new constitutional structure for the ACCA, which would take the international perspective into account, as well as other possible groupings of members' interests (CA, October 1995, pp.1-3). A booklet 'Looking to the future' was published, setting out 'evolutionary and flexible' development, consultative meetings around the world, the dynamics of the twin nature of the ACCA – i.e. the benefits that the international dimensions bring to the UK members and the UK recognitions that give status to overseas members (see CA, August 1996, p.1). This was also discussed in depth at a two day Cambridge conference (CA, October 1996, pp.16-20). The first step was the establishment of an International Assembly, through which overseas members would contribute to ACCA's overall strategies and policies. Later a federal approach, with separate regional centres, would be developed. Policies such as admissions, professional standards and education and training would remain central, with issues such as delivery of services to members being devolved to local centres (CA, January 1996, p.7). 1996 saw the first three overseas members elected to Council, from Malaysia, Singapore and Jamaica (CA, July 1996, p.1) and the first International Assembly met in London in September 1997.

7.4 Recruitment and membership issues

The ACCA's liberal admission requirements were noted in Chapter One as being significant to its success. I have discussed above how this led to an opportunity to recruit in the overseas market. In the UK, the move by the ICAEW towards graduate entry meant an opportunity for the ACCA to recruit more school leavers and those from working class backgrounds.

This was the start of an aggressive period of expansion. Pressure was put on members through the journal, now renamed *Certified Accountant*, to join in the recruitment drive.¹⁰⁸ Head Office staff also expanded, with the Technical Division being strengthened and a new Director of Student Affairs being appointed (CA, 1972, p.143).

7.4.1 Making the choice to become a certified accountant

The rapid growth in numbers meant that new recruits to the profession still tended to be those from non-accounting and non-professional backgrounds. For many of my respondents there was no conscious decision to become an accountant - it just happened, as illustrated by this excerpt from one of the respondents who entered accounting in around 1970:

'Totally by accident. I was asked by a career's master at the time how I'd coped with the 'O' Level [Maths] paper then. I didn't even do 'A' Levels you see, because I'm the eldest of five and I was expected to leave school and really I would have loved to have stayed on, but that's another matter.' (Ms I)

In terms of choosing between the various accounting bodies, many more factors came into play. For respondents who qualified in the 1970s and early 1980s, the financial

¹⁰⁸ The letters page of the journal recorded some dissent with some action, with one correspondent making the point that the ACCA stood to benefit substantially, as some 6,000 of the new recruits would fail to qualify, but would pay out large sums of money in their attempt (CA, 1973, p.158).

constraints were less obvious and other factors, such as the type of work being done, became more important:

‘I chose certified at the time... because of the way I'd got my examinations or something and also I suppose I could have been articled, but articled was becoming less important really at that stage and there was a lot of people who felt that, I always felt that I might like to go into industry. And so I wasn't really bothered about articles.’ (Mr M)

For those already working in industry or the public sector, there was effectively no choice, as in the seventies there were no opportunities for chartered training outside practice, as this respondent discovered:¹⁰⁹

‘That's when I began to send away for prospectuses. Because I didn't really know the difference, I didn't know what association or institute was or anything like that. Once I'd made my enquiries. The department advised me and said well you can't go and do chartered because you're working in industry so you'll have to go and qualify as certified and that's how I came to study if you like, quite late in life.’ (Ms V)

One respondent perhaps feels that he was not well advised at the time by his practice, and this quote is also perceptive of how the 1970 integration attempt was viewed by small practitioners at the time:

‘Started with a local firm of, they were mixed accountants actually, three Chartered and two Certified in the practice, and I was seconded, if that's the right word, to one of the Certified accountants, Mr *. It was because of him that I became a Certified Accountant although I could equally with my qualifications have entered Chartered Accountants. But since I was under his wing he suggested that and since in those days there appeared to be two different coloured buses, but on the same course, I thought I would get into that one since that was what my employer seemed to be suggesting. I'm not sure they are two of the same buses these days.’ (Mr Y)

These quotes show some of the diversity in reasons for choosing accountancy as a career, and highlight the heterogeneous social and educational backgrounds of the

¹⁰⁹ And this is still largely the case. Although schemes like TOPP (Training Outside Public Practice) exist, the student numbers are extremely small.

different respondents. This acts as a contrast to the increasingly homogeneous characteristics of ICAEW entry in terms of being middle class graduates (Geddes, 1995, 186, 229-230).

7.4.2 Student body growth

Following the failure of the 1970 integration scheme, the ACCA 'Future Plans' documents set an ambitious strategy of growth over the decade, with a target of 30,000 members by 1981. This required the recruitment of 10,000 students in 1972 to set the process off (CA, 1972, p.18).

There was considerable expansion in home student numbers from the 1970s onwards, due to a number of reasons.¹¹⁰ In the UK, the ACCA route was being seen as the most practical for smaller accounting offices (*Accountancy*, March 1983 editorial).¹¹¹ The demographic situation at the end of the 1980s meant that ACCA accountants gained in popularity due to requirements by the big chartered firms for increased numbers of newly qualified accountants. By the 1980s, out of 60,000 students, over 17,000 were employed in public practice, of which about 6,000 being trained in the offices of chartered accountants. The economic changes caused by the privatisation of the public utilities also helped to increase the demand for certified accountants who were commercially aware (CA, April 1990, p.42).

By 1980, the ACCA had become the top student body in the UK and Ireland, attracting more students than any of the other bodies (see Table 7.4). The ACCA believed that

¹¹⁰ The ACCA classes British and Irish students as 'home' students; the remainder are classed as 'overseas'.

¹¹¹ The ACCA training was seen as more flexible, with less study leave required (25 days was recommended). In addition, it was difficult to retain chartered accountants after qualifying, whereas certified accountants were less likely to leave (CA, January, 1984, p.32).

this was due to the freedom and flexibility that their qualification gave. The joint scheme with Hong Kong also led to a surge in student numbers as it came into effect. By 1988 ACCA students exceeded the number of students in the other Consultative Committee of Accountancy Bodies (CCAB) put together (CA, November 1988, p.43). By 1998 the ACCA was recruiting 67% of the accountancy student market (ACCA Annual Report 1998), with the loss in student numbers by the ICAEW contributing significantly to the ACCA gain.

The ACCA student body continued to be diverse, with fragmentation both by market and level, as demonstrated by Mumford's (1991b, p.18) study of how training support influenced pass rates. The rise in educational standard of students had led to an increased proportion graduating.¹¹² However the open access policy of the ACCA meant that there would be a high failure rate for these students. Mumford estimated that around 85% of good honours graduates, who got formal training posts, qualified, whilst this figure was only 10% for the majority of trainees, who were self-studying whilst working full-time. He also found that the time taken to qualify varied tremendously, with some bright graduates taking only 18 months to qualify (although they did not possess sufficient experience after this time to apply for membership straight away). The average age of ACCA students on qualifying was 26 years, one year older than for chartered and Scottish chartered students (ICAEW, 1988). By 1997 the number of graduates (those who had completed the exams but had not been admitted as members) may have started to be a problem, as a reminder was published in *Certified Accountant* threatening removal from the register if an expected date for admission was not provided (CA, March 1997, p.45).

Table 7.4 CCAB student registrations in 1980 and 1998

	ACCA	CIMA	ICAEW	ICAI	ICAS	CIPFA	Total
1980	45%	28%	21%	3%	2%	1%	100%
1998	67%	24%	6%	1%	1%	1%	100%

Sources: CA, 1981, p.74, ACCA Annual Report, 1998.

Table 7.5 ACCA membership in 1994 grouped by age

Age	Male	Female	Total
Under 25	134	91	225
25-34	7,411	4,157	11,568
35-44	12,115	2,966	15,081
45-54	7,734	497	8,231
55-64	3,246	71	3,317
65 and over	3,872	90	3,962
Total	34,512	7,872	42,384

Source: CA, February 1994, p.21.

¹¹² By 1991 over 50% of students were graduating, compared to 5% in 1960. The ACCA was recruiting about 12,000 graduates a year in the UK.

7.4.3 The recruitment and role of women certified accountants

In Section 6.4.2 I noted the additional problems faced by women in qualifying as accountants. The role of women in accountancy has tended to be marginalised, as shown by Kirkham and Loft (1993) and Kyriacou (1997). Kirkham and Loft (1993) demonstrate through a study of the discourse in late Victorian England that accountancy was considered to be ‘men’s work’, whilst clerical work came to be regarded as suitable ‘women’s work’, to be undertaken by young, unmarried women. Women accountants began to resist their exclusion from the accounting bodies in the late nineteenth century, but met with no success (Kirkham and Loft, 1993, p.526). The LAA, with its meritocratic approach, had been the first accounting body to admit women, and used this policy as evidence of its progressiveness (Kirkham and Loft, 1993, p.530).¹¹³ However, despite this opportunity, the number of women in accountancy remained very small. Whilst many women worked in accountancy offices doing clerical work as a result of manpower shortages during the First World War, this was work regarded as temporary for the duration of the war only. And although the Sex Disqualification (Removal) Act of 1919 meant that in theory women could progress in the professions, in reality the gendered practices that had been set up continued to exclude most women. In 1911 the Census had reported 19 women accountants; by 1931 that number had grown to only 119 (Kirkham and Loft, 1993, p.509). The LAA in 1930 reported that out of 2,875 members 56 were women (CAJ, 1930, p.53). With the coming of the Second World War the role of women in accounting had become important once again due to the manpower shortage. Special classes were organised for them (e.g. the City of London College advertised a special course for women audit clerks, CAJ, 1942, p.100).

¹¹³ Mrs Ethel Ayres Purdie, as referred to in Section 4.5.1 above, was the first woman admitted to membership in 1909, and five others were admitted the following year.

Many women already working as commercial clerks were required to move into jobs of national importance, as the following series of observations by one of my respondents indicate:

‘In wartime, I was married at 19, so in wartime I had to go into work of National importance. - and so I was drafted from my job where I was a book keeper and a shorthand typist. I was drafted to what we called the flax mill, which was a big group of buildings which was the centre of the flax industry in the whole country.... And I think I started their bookkeeping and did some shorthand typing as well because I’d got a London Chamber of Commerce Shorthand Typing Diploma, which was pretty good in those days, I mean, I don’t know what there is now but, anyway it was pretty good then.

The accountant there was a Czech, he’d come from Czechoslovakia, got out through Germany before the war and he was the accountant... He used to be in charge of all the accounts for what we called home flax production and eventually when the war was coming to an end, well it went on all through the war really um, what would happen when the war was over? And what would happen to all these establishments? ...

I had stayed with the place all that time and I was part of the team. He was working on it all the time and he just used to throw me in at the deep end. Um no, that isn’t true, not in that case, but I was the only person who was dealing with the accounts of flax production, the association and the spinning mill.’ (Ms X)

There were of course a number of existing female certified accountants, for example, Mrs Emmerson, who shared the work and responsibilities of her husband’s practice for sixteen years, and then continued as a sole practitioner after his death (CAJ, 1942, p.140), but they were very much a minority. Accounting remained a very male profession for a long time. In the sixties and seventies, classes continued to be heavily male dominated, as this quote from the mid-1960s shows:

‘I think when I started studies I went to City of London College to evening classes, I think there were one or two other girls in a class of forty. I remember going to a weekend revision course at what was then Tooting Tech, it was a sort of Friday afternoon and evening, all day Saturday and I think Sunday morning as a revision course a few weeks before the exams and... one particular class I went to, I was the only girl in a class of about forty-five.’ (Ms U)

Ten years later, although numbers of women studying had increased, they did not yet represent a significant number, at least on full time courses:

‘when I was at college there were two of us in a class of thirty’ (Ms H)

There was also considerable prejudice demonstrated against the employment of women, particularly in industry:

‘And in industry I was fortunate again that I had a really good boss who delegated and taught me an awful lot, delegated himself out of a job, so much so that I was called in by the board of directors and asked if I would stay because they wanted to sack him. So I said, “Well, can I have his pay and status please”, because he was financial controller and they were about to be taken over by a group? There was a lot going on and there was my opportunity. They said, well, 1 - you're a woman and 2- you're too young and 3 - you're not qualified, and that's for real, so I left and qualified which I did in three years.’ (Ms I)

In 1965 the possibility of establishing a Women Certified Accountants' Society, providing facilities for women students in particular, was broached in the Journal (AJ, 1965, p.7). Informal meetings began later in the year (AJ, 1965, p.276). In 1968 Miss Vera Di Palma stood unsuccessfully for nomination to Council (AJ, 1968, p.385), being successfully elected as the first female Council member of the ACCA in 1971 and becoming President in 1980. By the late 1960s the number of women taking the ACCA examinations was steadily increasing and in 1975 stood at 11% of the total student numbers (CA, 1976, p.367).

Interview evidence shows that women have had to work harder, firstly to earn the right to study, and secondly, to be given the opportunity to qualify:

‘we're talking about 1964/65 and companies didn't really support women very much to do professional examinations. And so money wise I had to pay a fair bit myself.’ (Ms U)

As a result, many women did not start to study until after they had been working for a number of years. Usually this meant that they progressed to a position of some responsibility in the organisation, and then found themselves under-qualified for the job that they were doing:

‘I had worked in accounts departments in wages offices since I left school and I went to London in 1960 and I was assistant to the accountant there. I was operating in accounting issues, doing the wages summaries that sort of thing and helping generally on the ledgers. We were joking in the office one day, and I'd posted something to the wrong side of the ledger and my boss said to me, “The trouble with you is you don't know your debits from your credits, you know,” and we laughed about it and then we started talking seriously about me really doing some book keeping classes and we decided that I had enough GCE's to enrol for the Association's exams. ...I was twenty-five when I started studying and I'd left school at nearly seventeen.’ (Ms U)

The fact that many women had already been working for some time meant that usually they had limited choice as to which accounting body they could register with. The restrictions laid down by the ICAEW meant that becoming a chartered accountant was not usually an option, and many chose ACCA rather than CIMA because of its more general application:

‘It was convenient only in the way in that there were only two choices at that time which were the Management Accounting course and the Certified Course, because the Management restricted you to train in industry whereas chartered certified you could do either. You could work in industry or you could work in practice.’ (Ms H)

Half of the women that I interviewed, by choosing the certified route whilst working in industry, used its flexibility to advantage by later acquiring work experience in practice and so gaining a practising certificate. The following respondent, a refugee from East Germany who left school at fourteen, went along this route despite not beginning her professional study until she was relatively mature:

‘I was asking our auditors questions like “In the ledger, what's this account for?” And they finally got fed up and said, “Why don't you go and study?”... The department advised me and said, “Well, you can't go and do chartered because you're working in industry so you'll have to go

and qualify as certified,” and that's how I came to study if you like, quite late in life. Well, I was thirty-eight when I started to study.’ (Ms V)

For some women, this period was even longer. The following respondent had been working in commercial accounting for over twenty years and was in a business partnership with another accountant when she realised that she would need to qualify as a professional accountant:

‘So, but before we’d reached that point I’d said to him, “You know, you’re going to retire, what do you think about my studying to get a qualification because you’re not always going to be around?” But by that time the auditors were asking me to do various jobs for them because they were only a couple of doors away so I wasn’t quite sure where I was, but I knew I wanted to do something and at my own speed. So that was when I started. I got the details from the ACCA and I enrolled with Foulks Lynch on their correspondence course.’ (Ms X)

There is interesting evidence from one respondent of gender segregation between chartered and certified training routes, perhaps saying something about different gender approaches to career planning:

‘It is interesting to note that the few Chartered students are usually men whereas the females tend to be Certified. Not quite sure why, but over all these years. As I say this one person had qualified about eighteen months ago, he's a man. Apart from him I can't think of another man who has gone the Certified route.’ (Ms V)

One cause for this could be that female students have taken a more fragmented approach to their studying, perhaps doing the AAT qualification first, and gaining more work experience. Hence they have then sought to change jobs part way through their professional studies. Such candidates have been attractive to small firms wishing to fill vacancies for staff with some relevant experience. However, one respondent working in a small chartered practice felt strongly that being a female had certainly counted against her, whether or not that was due to her more varied work experience, in industry as well as practice, and her age on qualifying or not:

'I'm probably too old really, but I still think it is very difficult for a woman to gain promotion... I can't say that they create a great deal of distinction between men and women. But when it comes to actual promotion, a woman is still set aside three times over.' (Ms V)

In terms of long term career progression, the small sole accounting practice or partnership offered good opportunities for women, as it allowed them to take control of their lives, rather than being dominated by the traditional male work patterns commonly seen in British office life:

'I wanted to be in control of my own working pattern and the problem that I was foreseeing was that you had to be in work at 9 o'clock to be seen to be doing your work. Which I really resented. I wanted a lot of flexibility in the way that I worked so I thought, well in the longer term I'm going to have to work for myself because that's the only way that I'm going to achieve these flexible working patterns.' (Ms I)

Gender differences can predominate to such an extent that this same respondent had ended up having only females in her small practice:

'It's all female, quite by accident, not by design, because we have tried taking on trainees that are male, doesn't work very well. I have to say, I don't care what they say, we're better at housekeeping than they are, and there are things within accountancy, I think, that suit women better than men, because of the housekeeping we need to do, there's a housekeeping mentality, that not all men are very good at....And the ability to do several things at once, which is very often a demand of the accountancy profession and men don't find that easy either so therefore introducing men into our environment makes them feel, well it is a threat' (Ms I)

Overall, the impression gained from female respondents was that, whilst it had been tough getting qualified, there were benefits. Female partners in small practices were clearly determined women, who were carving out successful niches for themselves in the competitive accounting market. The statistical evidence here is interesting, as although female accountants in general were still failing to reach senior positions, female certified accountants in small practices fared well. By 1984 22% of females were becoming partners (compared to 24% of males). This compared to 23% of women

chartered accountants in practice becoming partners compared to 64% of males. The number of women coming into the profession had risen from 4% of total qualified membership in 1978 to 9% in 1984 (CA, November 1985, p.20). By 1994, 19% of the ACCA membership was female, 90% of whom were under 45 years old (see Table 7.5).

7.5 The role of education and training

The way in which the ACCA developed its education and training system has been discussed throughout this study as being a major factor in its growth and survival. However it is clear that in each period studied this has not been a straightforward process, and the way that the ACCA system has developed has been contingently affected by changes in the economic and organisational context of the British and global accounting profession and by the separately identifiable growth of educational institutionalisation at the state level. At the same time, in the seventies and onwards, the system's development has ensured that the ACCA continues to be defined as a professional body adhering to ever higher levels of knowledge and behavioural disciplinarity.

In this spirit, The 'Future Plans' document of 1971 had set out the new educational standards to be aspired to over the next decade.¹¹⁴ Whilst 'O' Level entry remained, the aim was to move towards 'A' Level entry, leading to a reduction in the number of years of experience required to three years.¹¹⁵ Wide exemptions would be available for university graduates from the first three sections. (AJ, 1971, pp.164-165).

¹¹⁴ Not unexpectedly there were parallels here with the ICAEW 1972 Document 'A Policy for Education and Training: A Statement by the Council'. This abolished 'O' Level entry, reduced articles for 'A' Level entry to four years plus a compulsory Foundation Course and in 1974 introduced new examinations 'which proved significantly harder to pass than previous ones' (Geddes, 1995, p.107).

¹¹⁵ One casualty was the Preliminary Examination, which was discontinued in June 1972, but a mature students entry route would still be maintained for students over 21 with no formal qualifications (AJ, 1971, p.253).

I commented above that by the 1980s ICAEW firms began to take on more certified accounting trainees (see Section 7.4.2). The ICAEW at this time was subject to polarisation between large and small firms in terms of the type of work that they did and the type of student that they recruited (Geddes, 1995, p.108). ICAEW exam changes in 1972 led to very poor pass rates and this accelerated the movement towards graduate entry, led by the big firms. The nature of work in the small firms did not change, and so small practitioners did not share the same requirements for new type of graduate trainee accountant (Geddes, 1995, p.108). The differences in firm sizes flowed through into a similar polarisation of exam results with small firm trainees failing more. The outcome was that many small firms moved out of training altogether (*Accountancy*, January 1982, p.4, August 1988, p.104, September 1988, p.102). The ICAEW moved to a system of training offices in 1983 which finally saw the end of the traditional and privileged articled clerk/ principal relationship (*Accountancy*, 1982 p.22; Geddes, 1995, p.121). As remarked upon in the introduction to Part II of this study, this at last meant that the ICAEW recognised the need for a more meritocratic recruitment policy in line with modern training practices. However, by 1983 only one ICAEW firm in eight was still involved in training chartered accountants (*Accountancy*, January 1983, p.1):

‘This shift towards graduate entry accompanied a shift in recruitment patterns away from smaller firms and towards larger ones; so that, whereas in 1962 81% of articled clerks worked in partnerships with less than 10 partners (*Accountancy*, May 1964, p.386), by 1980 the largest 20 firms (each with more than 100 partners) recruited, between them, over half (51%) of all student entrants (ICAEW, 1982).’ (Geddes, 1995, p.102).

This left the way open for the ACCA, with its more flexible training, to fill the training gap in small chartered and mixed practices. Although practices had to be registered if ACCA students were to get their practising certificates after admission to membership,

in comparison to the chartered requirements the paperwork and the costs were much less. A typical comment shows the attitude of small mixed practices to this development:

‘We are an official registered training practice for the Association. The Association must be rubbing its little hands over its coffers, not because we bar them, but we've got nobody who wants to go into the Institute.’
(Mr Y)

Of those practices who did still take chartered students, this tended to be on a structured pattern, whilst certified students got taken on when they already had some experience. This was one advantage of the ACCA's flexibility, in that students were not tied down to a training contract and so could progress their career whilst training, and for some students it worked well:

‘Say we've got six Chartered students, we tend to take two of those each year. So there's a constant population of six in theory and then Certified ones tend to be if we want Audit Seniors or something supplementary. Often you find people following the Certified course fit the bill nicely especially if they're nearing the professional stage.’ (Mr F)

The ACCA's flexible entry routes were still very necessary, because many students started their studies without a degree, but with alternative experiences and qualifications:

‘It's a mixed bag actually. I would think it's actually 50/50 now of the people we see turning up who are on the Certified road that some of them have not done a university degree. They may have done an extra business studies thing and then they've either worked in industry or for an accountancy firm or whatever. So a few of them have escaped a university degree and are working their way through. Others have probably done, tends to be a relevant degree and then have embarked on their studies because that has given them the exemptions. But we certainly don't find the odd few Certified people that we do see turn up, we don't find it the norm that they've got an accounting degree, yet. I mean it's certainly moving that way but, it isn't yet.’ (Mr F)

This reinforces the notion of the certified student body as a heterogeneous group of individuals with varying education backgrounds and work experience. It also reinforces

the need for a professional body like the ACCA, whose education and training system can embrace and accommodate these students in their quest for career development.

7.5.1 The role of a junior body

The need for a lower level of qualification had been identified in the 1960s and the unification proposals had considered the establishment of a junior body of accountants. With the raising of educational standards into the main accounting profession, this would enable those who wished to enter the profession at a lower educational level than 'A' Level to have a suitable entry point and career development. An educational package, incorporating educational qualifications such as the 'ONC' in business, would provide accounting clerks with relevant training at an appropriate level for the type of work that they were undertaking. It would also provide a stepping-stone to the higher professional examinations for those students who wished to progress further in their studies.

In 1974 the ACCA sponsored the Institute of Accounting Staff (CA, 1974, p.31). This was contrary to the plans of CIPFA and CIMA, which at the time were to give accounting technicians membership within their own bodies, possibly by way of ONC examinations supplemented by specialist studies, and by the ICAEW, who had no plans to implement a junior grade.¹¹⁶ Qualifications for membership were set up, including three years' work experience and an examination structure from 'O' Level entry, with those candidates gaining a credit pass eligible for exemption from the Foundation Examination of the ACCA (CA, 1974, pp. 277-278). There was considerable demand

¹¹⁶ Although these plans quickly changed with CIPFA forming the Association of Technicians in Finance and Accounting later in 1972, which was subsequently supported by ICAEW and CIMA.

for the new qualification, and by 1975, student registrations were approaching 5,000 in the year and members admission stood at 250 (CA, 1976, p.239).

In 1980 the Institute of Accounting Staff and the Association of Technicians in Finance and Accounting merged to form the Association of Accounting Technicians (AAT) (CA, 1981, p.14). The rapid growth in numbers of the AAT showed that it represented an important part of the accountancy profession, and by 1992 it had some 16,500 members and 76,000 students. About 25% of successful members went on to enrol with one of the sponsoring bodies, with about 90% of these enrolling with the ACCA (CA, May 1992, p.24). A respondent from a small chartered firm made this comment:

‘And of course you get a few people who didn't even perhaps score too well on the ‘A’ level points, but got Certified via the AAT or something. Haven't come across many people who have graduated up the Chartered via Accounting Technician. I think the flexibility of the Certified training format is more appropriate to people who have got their AAT qualification.’ (Mr F)

The AAT was seen to identify particularly well with ACCA overseas, with large numbers of students in Jamaica, Trinidad and Tobago, Zambia and Malaysia, and joint exam schemes in Hong Kong and Singapore. There were over 50,000 students and 14,800 members in nearly 100 countries world-wide (CA, August 1990, p.48). This offered a useful first stage to many students whose access to good study facilities was limited and who were unused to the western style of examination.

7.5.2 Changes in the knowledge base

The ACCA ‘Future Plans’ document, already referred to above, aimed to continue the unique strength of the ACCA – straddling as it did both industry and commerce and public practice. In particular the rapid development of management information techniques in industry and commerce raised a new challenge, with competition moving

away from the chartered accountants towards those trained and educated in business.¹¹⁷

The process of this move in knowledge away from the traditional knowledge of law and audit towards that of the business accountant had started with the syllabus changes of the 1960s (see Section 6.4). This move became more significant when placed alongside the changes taking place in CIMA, which had developed a strategy of shaping the attitudes and values of members such that a managerial view of management accounting and financial management was projected (Armstrong and Jones, 1992). In CIMA, the syllabus changes were so radical that they led to the knowledge base of management/cost accountants (as depicted by the syllabus) becoming dislocated from the functional requirements of the practice of management/cost accountants. The operational experience requirements, which previously had been part of the examination syllabus, ended up as being achieved solely through the practical work requirements of the qualification (Armstrong and Jones, 1992; Banyard, 1985). The uniqueness of CIMA's knowledge base now depended increasingly on the experience requirement. This too began to change with the devastation of the UK's manufacturing industry in the 1980s and the move into the service and public sectors, with the corresponding greater emphasis on general managerial accounting.

The ACCA's identity had never been based on a unique functional jurisdiction, so a move towards more general management education did not cause the same dislocation between the traditional knowledge base and the new requirements. Instead the ACCA concentrated on continuing to have a broad-based accountancy qualification, where the technical content was sufficient to meet the requirements of the accountant/auditor in

¹¹⁷ Statistics in 1984 showed that only 27% of members worked in practice, with 52% in industry and commerce, and 14% in the public sector, showing that most members worked in industry rather than practice. Many trained in practice and then moved away and a significant number trained in more than one sector. (CA, Aug 1984, pp.22-25).

practice, yet extensive enough to encompass the needs of accountants working in a variety of management employment.

7.5.3 Ongoing developments in professional education and training

Sections 5.5 and 6.4.3 above discussed the gradual expansion of learning opportunities for certified accounting students. The links between the ACCA and polytechnics and colleges of higher education continued to consolidate an elite disciplinary identity on both sides, with more tuition and revision courses being established. Internally assessed day release and full time courses were introduced, although successful students still had to sit the external examinations for the final section to ensure the continuing rigour on the final barrier to entry into the profession. In most cases, the lecturers delivering these internal courses were professionally qualified accountants themselves, who were 'well-disciplined' in the traditional professional accounting education process. The courses that they ran therefore concentrated on technical competence, although with the introduction of assessed coursework there was the opportunity for more innovative educational practices to be introduced, particularly with regard to the use of IT. The ACCA maintained strict control over these courses, appointing approved external examiners and severely restricting the proportion of assessed coursework to the overall marks for the course. This was just one way in which the ACCA showed that it was increasingly becoming an educational, rather than just an examining, body.

In order to improve the delivery of professional education and post-qualification initiatives, the Certified Accountants Educational Trust (CAET) was set up, with a brief to run pre-examination courses, post-graduate training, the Certified Diploma and to produce educational booklets (CA, 1972, p86). The growth of the student body led to the launch of a separate students' newsletter to act as the ACCA's primary means of

communication with students both in the UK and overseas (CA, 1975, p.580). Textbook projects began in 1987 with the ACCA joining with Longman to produce a series of accountancy texts for world-wide distribution. This was announced as a 'big step beyond its traditional role as exclusively an examining body' (CA, 1987, p.8). However, due to the rapid change in accounting knowledge, these textbooks were quickly out of date. In addition the ACCA entered into collaboration with the Open College for distance learning material to support its Level One students (CA, November 1988, p.10). This developed into a £3m programme aimed particularly at women returners as well as younger students. As a study method, open learning, with its greater opportunities for interaction between student and tutor, was judged to be better than traditional methods of self-study. Open learning candidates achieved a significantly higher pass rate at 61% in the June 1990 Level I examinations, compared to a 46% overall success rate (CA, September 1990, p.6). Such a development was fundamentally important to a global body such as the ACCA, for the provision of access to good quality study material for students everywhere would have a far greater impact than the educational institutes' provision for improved classroom delivery.

As well as the requirement of passing the exams, the ACCA always required suitable training and experience to be obtained prior to admission to membership. By the 1980s the ACCA was issuing various guides to this (Training Guide for Industry and Commerce and Training Guide for Public Practice) as well as introducing a system of approving training schemes. Much of the information was for the benefit of employers, as these could well be from a variety of backgrounds and were not necessarily either ACCA members or indeed qualified accountants. General guidelines were given, rather

than a mandatory checklist, which covered such items as financial support, methods of study, monitoring and content. (CA, 1981, pp.177-178).

7.5.4 The extension of educational and training regulations post-qualification

I commented in Section 6.2.2 above that disciplinary practices continue to operate after admission to membership, and that from 1961 onwards there was an increase in the rules of professional conduct, particularly with respect to the restricted areas of practice such as audit. Consistent with the double meaning of disciplinarity, these regulations took a double form. Individuals had to show that they were competent in terms of the knowledge of the day, as rules on continuing professional development were gradually increased. So, whilst the additional regulations acted as a means of controlling individual conduct, they also conferred additional expertise on individuals, which further enhanced the expert power that they could exercise over their jurisdiction.

More attention began to be given to the maintenance and expansion of the accountant's expert knowledge after qualification, as rapid change in many of the fields of accounting practice meant that updating programmes became popular. Widespread programmes of continuing professional education had been the means of maintaining professional competence in the US since the late 1960s (Fogarty, 1997). In 1979 Council made a statement on Continuing Professional Education (CPE), giving guidance on the requirements for members, which could henceforward be by formal or informal study (CA, 1979, p.99). An analysis of CPE in 1979 showed that Tax, Accounting and Financial Management were the main areas of study in the British Isles with Accounting, Auditing and Financial Management being the dominant areas of overseas study. The main methods of study tended to be passive rather than interactive,

with technical reading and home study covering more hours than the use of courses (CA, 1980, pp.389-390).

In the same vein there was consideration of possible specialism at the Fellowship level, with discussion of the Flint Report (ICAS) and the Tricker Report (ICAEW) as well as other overseas reports (e.g. CICA, 1981). Mumford (CA, May 1984, pp.40-41) saw the Flint Report as offering the best model for the ACCA to follow. This would mean the introduction of a diploma-style examination in a specialism at Fellowship level. However Goch, Council member and Examinations Committee chairman, disagreed that such an examination was appropriate for a broad-based body such as the ACCA, and saw no need for it in the market place where experience was accepted rather than 'paper qualifications' (CA, June 1984, pp.44-45).

It was instead changes in the legal framework of the UK that led to significant changes in the shape of post-membership disciplinary regulations. The most significant of these was the 1989 Companies Act, implementing the EC Company Law Eighth Directive. The requirements for education and training laid down by the Act saw 'a distinct shift in the pattern of training' for potential ACCA auditors towards post-membership experience in practice (CA, June 1990, p.51). Along with the other UK bodies whose members were permitted to act as auditors, the ACCA had to register under the 1989 Act as a Recognised Supervisory Body (RSB) and a Recognised Qualifying Body. This was now legally essential because Act set out three stages to becoming a registered auditor in the UK – gaining membership of an RSB, acquiring a recognised professional qualification and holding a practising certificate.

Whilst the gaining of ACCA membership provided the initial framework for individuals to become disciplined subjects, the award of the recognised professional qualification further extended the disciplinary role by imposing a raft of further regulations. These criteria fell into two fields: those relating to training and experience, and those relating to the assessment of competence.

In order to meet the requirements for gaining the recognised professional qualification, under the 1989 Companies Act, three years' training in an approved practice had to be obtained. One year of this training could be before or after admission to membership, but the final two years had to be post-admission, thus extending by one year the period of post-membership experience which had to be spent in practice. In addition, an approved practice had to be authorised by the ACCA to provide training for future registered auditors. Adequate standards of training and supervision had to be provided, and these were monitored by the ACCA on a regular basis (CA, June 1990, p.51).

New procedures also had to be introduced to assess the above training, which consisted of two parts. First, a practice training record provided evidence that members had obtained sufficient breadth and depth of experience during the post-membership training period, and that they had reached the standards of competence required of registered auditors in professional practice (see Section 7.5.5 below for a discussion of competences). This was merely an extension of the existing practical experience record, which all students were required to submit as part of their application for membership, although more detailed recording was required. The record provided the framework for the second part of the assessment, which was a final confirmatory oral examination consisting of an interview of one member conducted by two certified accountants and

focussing on training, experience and competence (CA, June/July 1990, p.32). This was a new requirement for the ACCA, but was not new in terms of the disciplinary analysis applied here, for, as discussed in Chapter Two, the concept of peer review was invented in the medieval university. In addition, as discussed in Chapter Four, oral examinations had been the norm in the early years of Scottish accountancy in particular. However, this oral examination did signal a shift in emphasis away from the simple record of experience to the actual demonstration of competence in the handling of particular issues of practical concern to professional auditors (CA, June/July 1990, p.32).

Since 1961, only those accountants who held practising certificates had the right to carry out audits, and practising certificates were also required for circumstances where members signed independent reports and certificates. In order to gain a practising certificate from the Authorisation Committee, the 1989 Companies Act imposed additional regulations on members on top of the requirement to gain the recognised professional qualification, including having professional indemnity insurance cover and being able to guarantee continuity of their practices (CA, June 1990, p.51).

The last two decades of the twentieth century thus saw a significant increase in the post-membership regulation of all professional accountants, including certified accountants, although these were only stringent for those operating within restricted fields. Certified accountants in business were required to follow the Rules of Professional Conduct, insofar as they were relevant, and to observe the Membership Regulations. These latter included the requirements for CPE, which recommended a minimum of 35 hours of study per year of which not less than 21 was undertaken by attendance at relevant approved structured courses (ACCA Rulebook, 2000, p.51). Members operating in

restricted fields were required to observe considerably more regulations, which, in addition to the Practising Regulations covering general practice and audit, included Investment Business Certificates and Regulations, Financial Services Compensation Regulations and Insolvency Licences and Practice (ACCA Rulebook, 2000).

In line with the disciplinary principle that regulations entail a power to censure and sanction, certified accountants who do not observe the relevant regulations are liable to disciplinary action (Bye-Law 8) whereby their case goes before the Investigations Committee and, if appropriate, the Disciplinary Committee and the Appeals Committee.

These continual and expanding regulations to which a professional is subjected after initial admission to membership demonstrate the incessant working out of the doubly disciplinary process with its negative and positive connotations. In particular, in the modern context where the quantity and quality of regulations disciplining the conduct of the individual proliferates, individuals are increasingly put in a situation where, in order to be seen as being a 'proper' professional, operating within the norms of professional conduct, they must subject themselves to greater and greater levels of *self-discipline*, in order to prove themselves suitably competent by the standards of the day.

7.5.5 The role of competences

With the recognition that the workforce in the UK was less well prepared for employment than its global competitors, there was a move to institute radically different education and training requirements in the UK (Thompson, 1995). This followed debate about how to measure whether employees had been appropriately prepared for their work, including at the level of professional practice:

‘To be taught the underpinning knowledge and theory and given training in essential techniques did not guarantee that individuals were capable practitioners – to know what to do is not the same as being able to do what is required. It was recognised that a capable practitioner must, in addition to being educated and trained, be given the opportunity to practise the use of the relevant skills in a work environment.’ (Thompson, 1995, p.3).

Such issues had been discussed in the US, as a result of pressure from the big international accounting firms, who were concerned that their employees’ education had not kept pace with changes in the business environment (Arthur Andersen *et al.*, 1989). The conclusions had been that ensuring that levels of practical competence had been reached was a clear responsibility of a professional body (American Accounting Association, 1986; Sundem *et al.*, 1990; Sundem and Williams, 1992), and steps had been taken to initiate innovative accounting education projects by the injection of cash from the big firms (Hardy and Deppe, 1995). Due to the nature of the differing training requirements of the British accounting bodies, separate projects were carried out by each of them (Hoskin and Steele, 1991; Hardern, 1995).¹¹⁸ The AAT developed the most radical approach, for, after a period of planning and consultation, it implemented an education and training scheme based entirely on the assessment of competences, thus eliminating the traditional three hour examinations (Langley, 1995). Within the ACCA, research carried out in competences, overseen by Margaret Spong from the ACCA’s education department, saw five key roles defined (financial reporting/providing accounting information, management advice/financial management/management accounting, tax, audit and effective management). These were further analysed into 16 smaller units with 44 elements and 240 performance criteria (CA, March 1991, p.19). A new practical experience record was then designed to take account of recognising key competences. Competence based training was introduced to make the qualification more

¹¹⁸ Similar projects were also carried out in Australia and New Zealand (Johns, 1995).

useful in the workplace. Trainees were required to demonstrate competence across five key roles, with competence in the management elements being mandatory. This reflected the way in which accountants' duties had changed to require much more in the way of management skills and abilities (CA, March 1994, pp. 34-35). The Student Recruitment and Training Department set up Approved Training Schemes to help students and employers ensure the right practical experience and study support were provided. This linked in with the work on competences to ensure that students met conditions for admission to membership (CA, May 1992, pp.11-12).

7.6 The examinations

The role of the examination in accounting education had begun to change. The knowledge base of the examination syllabus had not kept pace with the knowledge requirements of the workplace. This dissynergy was most obvious in the ICAEW, where there had been a de-coupling of the link between professional practice and the examination (cf. Anderson-Gough *et al.*, 2002). It was also similar to the process happening in the US, where Fogarty (1997, pp.53-54) notes that this link was 'very tenuous' and states that 'In modernity, the purpose of accounting education was to assist students with the CPA exam.'¹¹⁹

With the rate of change in accounting knowledge speeding up and the knowledge bases constantly expanding, problems relating to the examination structure as well as the examination process caused much concern.

¹¹⁹ Fogarty continues with the comment that the US system has progressed to a point where the use of multiple choice questions and pass rate manipulations mean that the examination is no longer an objective means of testing skills and process.

7.6.1 The examination structure

One of the ways of maintaining professional rigour is via the examination pass rate, which needs to be seen as an objective measure of a pass mark, so that comparisons with other accounting bodies can be made. But fluctuating examination rates continued to give anxiety and there were student complaints about the greater number of examinations to sit compared to the ICAEW (the ACCA syllabus had 18 examinations compared to 13 for the ICAEW), leading to a great deal of correspondence, both for and against change to the syllabus (AJ, 1967, pp. 284, 294, 375, 376 and 440). The examinations debate, over which accounting body set the hardest examinations, had been hotly contended since the 1920s. All along, there had been supporters of the view that the ACCA set harder examinations, and this was still the case in the seventies:

‘I mean if it's of any interest I found the certified exams far harder than the chartered exams.. An awful lot of the chartered papers you could in those days, you could almost do it by learning by rote. Certainly in the intermediate level. I didn't try that with any of the certified papers.’ (Mr K)

Many correspondents recognised that the knowledge base of accountancy was undergoing great change. The ACCA's official attitude was simply that students were ill-prepared to sit the examinations, despite the improved facilities available to them (full time and sandwich courses, study schools, etc.). Further correspondence (AJ, 1967, pp.387-388) indicated considerable dissatisfaction over the refusal of Council to release examiners' reports, leaving students at a loss to understand the reasons for the very high failure rates being reported (running at 78% for Section III and 81% for Section IV).¹²⁰ Significantly, the Journal stopped printing pass rates in 1965. There was particular criticism of the style of questions set by the examiners (AJ, 1968, p.455 and 1969, p.565 amongst others). The Journal responded with various articles giving suggestions for

good examination technique (AJ, 1967, p462; 1969, pp.517-8). In addition, registered students were asked to take part in a survey covering such matters as the amount of time spent studying (AJ, 1969, pp.166 and 286-287), in order that the ACCA could collect some statistics. The President was finally able to report better results at the 1971 AGM, when he reported that attention had been devoted to the question content (AJ, 1971, p262).

7.6.1.1 Examination reviews 1970 and 1973

As a result of the gathering of feedback and in view of the increasing divergence between the needs of practice and industry, there was a revision of the examination syllabus, with separate streams at the higher level for industry and practice students (AJ, 1971, pp.262-263). This led to a reordering of the examination structure, taking effect from 1970, as the previous four sections were grouped into five parts, each with fewer subjects than before (see Table 7.6).

The move towards examination in both accountancy practice and management principles came in 1973 with the launch of the revamped syllabus, now requiring 'A' Level or equivalent entry. The emphasis was on the certified accountant acting as the 'fully qualified business consultant' of the future, with human resources and business planning being seen as significant importance alongside the role of finance (CA, 1972, p.86). Much emphasis was placed on this broadening of the accountant's traditional role, and a new Training Division was established to provide suitable seminars and courses in this area for members following qualification (CA, 1972, p.283).

¹²⁰ By 1972 notification of the publication of Examiners' Reports was being made in the journal (CA, 1972, p.470).

Table 7.6 ACCA Examination Structures 1970 - 1994

1970 Syllabus	1973 A level entry syllabus	1982 Syllabus	1994 Syllabus
<u>Section 1</u>	<u>Section 1</u>	<u>Level 1</u>	<u>Foundation Stage</u>
Book-keeping and Accounts I	Accounting 1	Accounting methods	Accounting Framework
Economics	Management 1	Cost & Management Accounting	Legal Framework
Business Statistics	Management 2	Economics	Management Information
		Elements of Business Law	
<u>Section 2</u>	<u>Section 2</u>	<u>Level 2</u>	<u>Certificate Stage</u>
Book-keeping and Accounts II	Data Processing	Auditing	Accounting Information Systems
Auditing	Auditing 1	Company Law	Audit Framework
Mercantile Law	Law 1	Taxation	Tax Framework
	Management 3	Management Accounting	Managerial Finance
<u>Section 3</u>	<u>Section 3</u>	Option	
Costing	Law 2	Quantitative Analysis	
Business Administration	Management 4	Systems Analysis and Design	
Taxation	Management Accounting 1	Reg. Framework of Accounting	
Company Law	Taxation 1	* Advanced Accounting Practice	
<u>Section 4</u>	<u>Section 4</u>		<u>Professional Stage</u>
Advanced Accounting	Auditing 2		Info. For Control and Decision Making
Advanced Costing	Accounting 2		Accounting and Audit Practice
Executorship & Bankruptcy	Management Accounting 2		Tax Planning
Auditing and Investigations	Management 5		
<u>Section 5</u>	<u>Section 5</u>	<u>Level 3</u>	
Advanced Accounting	Accounting 3	Advanced Financial Accounting	Management & Strategy
Taxation	Taxation 2a or 2b	Financial Management and Finance	Financial Reporting Environment
Management Accounting	Law 3a or 3b	Taxation and Tax Management	Financial Strategy
Industry and Finance	Financial management (Management 6)	Auditing & Investigations	

Notes relating to Table 7.6

Source for the 1970 syllabus: AJ, 1969, p.501

Source for the 1974 syllabus: CA, 1972, supplement

Sections 1 and 2 formed the Foundation Course, and Sections 3,4 and 5 formed the Professional Examination (CA, 1974, p.31). As students were allowed multiple section sittings, many students naturally entered for more than one section, leading once again to high failure rates (CA, 1975, p.113).

Source for the 1982 syllabus: CA, 1980, p.26

Notes on the 1982 syllabus:

At Level I papers could be taken in any grouping or sequence, at any diet. Passes in any Papers were credited, but only for two consecutive diets, until the whole Level was completed. Exemptions could be granted for individual Papers, which could result in exemption from the Level.

Level II: * Advanced Accounting practice was a two part paper, each part of three hours' duration; probably the last paper attempted by students at this level. A student must have passed or have been exempted from all Papers of Level I, before Level II can be attempted. Papers could be taken in any grouping or sequence at any one diet. Passes in any Papers were credited, but each pass was valid only for the next 6 consecutive diets until the whole Level was completed. Registered students who were graduates holding a recognised degree were normally admitted direct to this Level. Holders of relevant degrees or other approved qualifications could be granted additional exemptions on an individual Paper basis. Where appropriate, this could result in complete exemption from this Level.

Level III: All Papers had to be attempted at one diet. One referral was allowed, at the next diet, otherwise all 4 papers had to be re-attempted. There was no limit to the number of attempts. Level II had to be completed before Level III could be attempted.

Source for the 1994 syllabus: ACCA Students Newsletter, various issues 1992 and 1993.

7.6.1.2 Examination review 1979

A further syllabus review commenced in 1979, with a view to investigating an appropriate structure for the period 1982 to 1990. In addition, a new panel of examiners was appointed and a review of the administration of examination centres was completed (CA, 1979, p.62). By 1979 the ACCA was examining more than 50,000 students annually, in some 250 centres in 50 countries, with over 1,500 in London (CA, 1979, p.136).

The Examinations Committee came up with proposals for the new format that were accepted by Council (CA, 1979, p.429). These were quite radical. Professor J.R.Small, a member of the Examinations Committee, believed that the evidence showed that the exam structure announced in 1974 was too inflexible. Clearly the open door policy of the ACCA needed to be maintained, and the final professional stage over which the ACCA had complete control retained. Whilst the final decision was based on educational grounds, the volume of students also meant that administrative requirements would be taken into account. Informal and detailed discussions took place with educational institutions which delivered ACCA courses and other interested bodies.

A new three level structure was created with what the ACCA believed would be increased flexibility through the arrangement for passes (see table 7.6). There were four papers at each of the Preliminary and Final Levels and nine papers at the Professional Level. This included one optional paper and one two part paper. A system of credit accumulation operated, which gave students the opportunity to retain individual passes at Levels I and II, as long as each Level was completed within a certain time limit. Five

university departments were commissioned to prepare detailed parts of the new syllabus (CA, 1980, p.177).

The new scheme commenced with the June 1982 diet, with conversion arrangements converting existing students onto the new structure. It was radical in three ways. Firstly the system of credit accumulation, which clearly borrowed from the academic system, where students were permitted limited resit attempts. However the time pressure in which to complete Level II was enormous, particularly for students with non-supportive employers. There was an additional problem for students as to the order in which to tackle the subjects, as only limited guidance was given. Again, this was harder for those students who had little or no study support. Secondly, the scope in the financial accounting papers was very wide, as they included a largely theoretical paper at Level II (Regulatory Framework of Accounting) and a Level III Paper which embraced current controversies and latest thinking, a departure from the usual pedestrian requirements of the previous syllabus (CA, April 1982, p.38).¹²¹ Thirdly, the introduction of an optional paper recognised explicitly that students worked in a number of different environments (public practice, industry and commerce, the public sector).

7.6.1.3 Syllabus problems and review

Almost immediately it became apparent that there were problems with the new examination structure. A review carried out after the first two diets noted pass rates ranging from 19% to 73% on individual papers and very low numbers passing the whole of Level III. Members of the Examinations Committee believed that some of the non-accounting papers (especially Quantitative Analysis and Company Law) had become

too specialised, and that a careful balance had to be maintained between the academic and professional content of the papers. Desmond Goch, for example, believed that the new syllabus had become too academic in nature and that reliance had to be placed on academic rather than profession-based examiners and assessors (CA, March 1983, p.45). Level III was meant to test candidates' ability to apply knowledge from Level II to particular problems, and this was not yet the case as it was not practical enough (CA, November 1983, p.51). The situation was not helped by serious printing errors in the June 1983 Level II Taxation examination (CA, July 1983 p.16). The examiner and assessor had their contracts terminated (CA, November 1983, p.18).

A working party was soon appointed to review the factors leading to the low number of candidates passing each diet. These included a review of entry standards, of the syllabus, of the exam structure, and of the balance struck by examiners between intellectual content and practicality in the papers. Council were reluctant to abandon the open door principle but exam pass rates were extremely low. For example in December 1984 they ranged from 33-57% at Level I, 24 – 73% at Level II, and 30-46% at Level III. Only 625 out of over 3000 entrants passed at Level III (CA, March 1985, p.54).

A number of steps were taken to assess the situation. There was a review of the syllabus to ensure that it adequately reflected the practical orientation and professional skills required by the ACCA. In 1986 practical assessors were recruited to comment on the practical relevance of the Level 3 Papers (CA, January 1986, p.9). Comments on the size of the syllabus under examination were raised, as it was extending all the time, e.g. as new accounting standards were issued. It was important that 'What is learned should

¹²¹ The author avoided these problems of Level II by attending an internally assessed day release course

not exceed what is useful' (Ray Farmer, Council Member) and that depth was not be sacrificed for breadth (CA, February 1985, p.44).

There were comments about the quality of teaching or lack of it, but Professor Small claimed the real problem was that standards were too high (CA, February 1986, p.35). The decision to place as few artificial barriers in the way of students as possible also meant that pass rates would continue to be low, particularly at the lower levels. By December 1985 exams rates had stabilised and June 1986 showed by a small rise (CA, April 1986, p.10). This was seen as the result of action taken following the examination review. The ACCA had improved the amount of information available, with the issue of teaching guides. Examination paper review teams gave comments to examiners to help them set clearer papers (CA, September 1986, p.8). In addition, teachers and students had a better understanding of underlying philosophy and approach after seeing a number of examination papers in the new style, which required more contextualisation of answers as the development of questions became more sophisticated. However, overall Level III pass rates remained low, with the June 1990 results standing at 31% overall (1,534 passes out of 4,891 candidates) and 56% for UK candidates (1,010 out of 1,801).

The examinations committee looked at the possibility of introducing multiple choice questions at Level One, and also at providing a script review service for the higher levels, which would enable candidates to see where they had gone wrong. Demand from around 350 students after each exam session showed the need for such a service, which would provide the most useful feedback to students (CA, June 1991, p.22). This was, of

for three years. The attrition rate in year one was very high (at around 60%) but after that most students made it through to Level III.

course, in addition to the question and answer books, which had been published as separate booklets since 1929.

7.6.1.4 Examination review 1989

The pace of change in the knowledge base of accounting work meant that a new syllabus was now required each decade so that the examination structure adequately reflected the nature of the general accountant's work. A three year long range syllabus review was announced in January 1989, which would consider the declining importance of audit as the backbone of practising firms' work, the growth in advisory services, the increasing use of IT and the generally more competitive environment (CA, January 1989, p.10).

A further concern was that Level Three pass rates were distorted by the number of students lingering at this stage for some time. In 1989 it was reported that a quarter of these students had registered 10 years or more ago, there being no time bar on the amount of time students could take. Other accounting bodies had set limits as to how long students should take to complete the examinations.¹²² Council also debated the possibility of open book examinations, particularly for technical subjects such as taxation. This would help to meet the ACCA's declared statement of making the examinations a practical test. This was supported by a number of Council members, particularly as other bodies permitted this (CA, April 1989, p.44). However, whilst open book examinations could be administered easily for UK students, it was seen as problematic for overseas students and so the idea was dropped. The new structure, which was introduced in 1994, further reduced the number of examinations to be taken

¹²² For example, CIPFA had set a time limit of five years for the completion of the Finals after completing Intermediate as far back as 1968 (CIPFA, 1985, p.71).

(from eighteen down to fourteen) and was designed to engage with the core areas of the certified accountant's work (see Table 7.6).

7.7 An international qualification at all levels

At the end of the 1990s, when this study ends, the ACCA had embarked on two new initiatives, both of which fell within the education and training remit, as well as having an international dimension. Thus the fundamental importance of educational practices to the continuing evolution of the individual certified accountant's identity and also to the ACCA's global identity is confirmed.

In 1997 the ACCA moved its international accounting standard variant examinations to replace the UK version as being the mainstream.¹²³ It saw this move as an opportunity to enhance its global position as an accountancy body offering a truly relevant accounting qualification. The UK qualification had served its purpose well, bringing in many students from Commonwealth countries, where legal, tax and accounting systems were usually based very closely on the UK model. However, many of these countries had moved further away from the UK systems, and local professional institutes had evolved with their own requirements. In addition, new countries had requirements for an internationally recognised qualification, in particular the former Soviet Union and parts of Africa and Asia. The ACCA, which now had more than 250 examination centres worldwide, was well placed to take advantage of the opportunities for a truly international qualification, especially with the World Trade Organisation's moves on mutual recognition under General Agreement on Trade and Services (CA, March 1996, p.1).

Also in 1997 the ACCA announced that it would launch its own examination-based qualification at technician level. This was for two main reasons. Firstly AAT were moving upwards and trying to emulate the main professional bodies. With the introduction of National Vocational Qualifications (NVQs) in the UK, the AAT sought to become an awarding body at Level 4 and also gained DTI recognition for its practising members to sign accountants' reports. This was a clear encroachment into the jurisdiction of the practising professional accounting bodies (ICAS, ICAEW and ACCA). Secondly, and related to that, the AAT by going for NVQ status removed the opportunity for overseas students to obtain its qualification as it became NVQ based, and therefore subject to workplace assessment. Examinations were no longer being set and therefore overseas students were unable to pursue the qualification as they had no opportunity to take the assessments. Many overseas students wished to obtain a technician level qualification, and Professor Mike Harvey, Council Member, argued that this was an important tier in the development of accounting structures for developing countries. The ACCA argued therefore that it was meeting a demand for this qualification and that it was in the public interest to provide this (CA, January 1997, p.1). The ACCA was keen to stress that this was not a new professional body, but simply the extension downwards of its qualification. Some members thought differently, as the formation of the AAT in 1980 had been a rare example of co-operation between accounting bodies (letter from Fred Langley, CA, March 1997, pp.10-11). The ACCA seemed to be going into direct competition with a body that it had previously sponsored.

¹²³ Although as the examiners who set the papers are British, it begs the question as to whether the

These two initiatives secured further growth for the ACCA in the developing world markets.

7.8 Conclusion

In the last decades of the twentieth century the ACCA came of age as a professional body grounded in the highest levels of knowledge-based and behavioural disciplinarity. At the beginning of the seventies it gained its Royal Charter, that important ‘badge’ of professional status. At the end of the millenium it gained the right for its members to call themselves ‘chartered’, thus achieving what the Corporation of Accountants had aspired to some hundred years previously. It had occupied common jurisdictional territory with the Chartered Institutes since the 1930s, and had now obtained equivalent status. The confidence that the acquisition of the Royal Charter gave can be seen in the ACCA’s determination to act as a leader within the accounting profession, rather than the follower that it had previously been. This can be seen, for example, in the 1998 merger attempt that it initiated, and in its educational projects.

Overseas development was a key strategic factor from 1970 to 1998. Here the use of the examination was directly instrumental and indeed fundamental in achieving massive expansion, firstly of the student body, and then over the years of the membership as eventually pass rates improved and overseas students converted into members. Whilst the motivation for this was unclear at the start, it became apparent that the ACCA’s credentialling system offered an attractive route for many small Commonwealth countries and other developing nations such as China and those of Eastern Europe and the former Soviet Union to adopt a westernised accounting qualification with the

international paper is truly the mainstream, or merely an adjunct to the UK version, with the official discourse proclaiming it to be the mainstream.

minimum of difficulty. This enabled international audit firms to operate within these countries, employing local personnel who studied for the ACCA qualification in situ.¹²⁴ The benefit for the countries concerned came through having western style accounting practices in place, including the adoption of International Accounting Standards, which assisted in attracting western capital. Whether the global domination of the ACCA qualification was suitable for all developing economies, many of which are lacking in the private sector infrastructure of capitalist economies is a matter for debate.

Whilst the ACCA grew dramatically from 1970 onwards, the open access policy meant that the ACCA continued to attract recruits from a diverse range of backgrounds and experience. Unlike the ICAEW and ICAS, who limited entry to their bodies to graduates from the 'good' universities with 'good' degrees (relevant degrees in the case of ICAS), the ACCA continued to recruit many students at 'A' Level entry as well as with the new AAT qualification. Many students were recruited by the small chartered firms, who found that the ACCA's flexible training requirements and syllabus suited their needs better than the training contracts of the ICAEW, which were more geared towards the big accounting firms. Numbers of certified accountants who trained as mature entrants continued to be prominent within the ACCA's hierarchy, and thus they promoted the continuance of the existing recruitment policies.

The rate of change within the knowledge base of accountants led to four syllabus reviews over the period 1970 - 1994. In 1970, the examination structure privileged the technical nature of accounting and disciplined the student to become a technically competent accountant within fairly narrow technical boundaries. There is a move away

¹²⁴ Annisette (2000) points out the irony of these elite firms recommending their rival's qualification, due

from this privileging of the technical to a structure which recognises the importance of the link to a more conceptual and theoretical content. The syllabus moves gradually towards a recognition of the transdisciplinary nature of accountants' work. The final structure of the century aligns the student accountant with management science, using the language of consultancy. At the same time, the introduction of competences, including an emphasis on management competences, to replace practical work experience, enhances the move away from technician towards business accountant. This usage of terminologies and, by extension, content of subjects, demonstrates how the use of discourse helps in the reinvention of the certified accountant as business manager or consultant. It also shows that the ACCA has continued to successfully straddle the two worlds of professional practice and commerce.

At the end of the nineties the ACCA was in a strong position. It was growing fast and had a young membership. Its new international constitution gave a stronger voice to its large overseas membership. The qualification based on international accounting standards meant that its role as a suitable credentialling body for developing nations wishing to attract western capital would remain established. The launch of its technician qualification ensured that student growth from the bottom up was established. These new initiatives in its education policy showed that the role of education and training was still as important and integral to the ACCA's successful prosecution of its professionalisation project as it had been for its predecessor bodies in their early days of struggle.

Chapter Eight - Conclusion

8.1 Introduction

This thesis set out to explore the development of the professional identity of the ACCA and its members, within the context of the larger question of the continuing fragmentation of the British accounting profession. The work has sought to add to the growing body of work on the development of the British accounting profession (cf. Loft, 1986; Willmott, 1986; Kedslie, 1990a; Kirkham and Loft, 1993; Walker, 1991, 1995) thus responding to the calls for more study of the accounting profession (Abbott, 1988, p.325; West, 1996, p.94). The study has been undertaken recognising that there are alternative narratives and theoretical frameworks which could legitimately have been used, and which would have produced different emphases and interpretations. At the same time, it has adopted a framework which, it is hoped, has enabled a fair and careful presentation of the available evidence on the ACCA's foundation and growth, down to the present day, and which at the same time throws a useful new light on the way that development has taken place, and on how the modern professionalisation process has more generally developed.

This chapter briefly reviews the key themes and findings of the empirical analyses in relation to the three framing observations presented in Chapter One. It then discusses the consequences of these findings, together with limitations of and possible extensions to this work within the context of the twenty-first century accounting arena.

8.2 Re-evaluation of the three framing observations

In Chapter One the three framing observations around which this study is designed were proposed in order to highlight the importance of the disciplinary to the process of becoming and being a professional. In carrying out the study it was noticeable how small decisions made at the level of disciplinary practices at the outset had hitherto unrecognised implications at later stages of the ACCA's development. This section aims to trace through those decisions to demonstrate how the ACCA can be analysed as a disciplinary body with well-disciplined members with disciplinary expertise.

Observation 1: At each stage of the ACCA's development, the choosing and crafting of the education and training system has contributed, if not in a straightforward way, to the organisation's development, survival and success and to the creation of a professional identity amongst its members.

The presence of the education and training system as a feature of organisational development has been visible as a clear strand running throughout the ACCA's history. This is not to say that education and training policies are unimportant to the other British accounting bodies, but rather that the use of it either implicitly or overtly by the ACCA has had a particular significance because of its 'anomalous' jurisdictional location (in Abbott's original terms).¹²⁵

The initial choice of the education and training system by the ACCA's founder bodies was dictated by the requirements necessary to become a professional body. As the

¹²⁵ For example, in the history of CIMA, the educational aspect is largely invisible, the adoption of examination being merely the copy of the ICAEW (Loft, 1986). It is not until the 1960s and later that CIMA strategy incorporates the use of the examination structure in a very overt way (Armstrong and Jones, 1992).

disciplinary approach has identified, there was nothing to stop any occupational group colonising an area of jurisdiction and attempting to become a profession. The necessary requirements would just have to be some version of the criteria as noted in Section 2.2 above and laid down in the context of the medieval university, viz: (1) a body of knowledge acting as the qualification for both entry to the profession and practice of it; (2) a monopoly competence of the profession in its domain of specialism; (3) autonomy for the profession in terms of its work and the admission to membership and (4) a service ideal.

Within the accounting profession, the elite bodies of the ICAEW and ICAS (followed by the SIAA) can be seen to have set themselves up in a way that took careful note with regard to three out of these four requirements. However, despite their acquisition of Royal Charters they were unable to gain the monopoly of accounting work. The Charters bestowed the right to the 'chartered' designation, but did not restrict other accountants from carrying out the same type of work. The subsequent history of the profession indicates that they quickly developed a strategic objective (whether emergent or deliberate) of keeping a jurisdictional and epistemological distance from those who came later. This was achieved initially through the use of clearly markable status and class differences, and subsequently through a more 'meritocratically based' process, which, the analysis here suggests, would make it increasingly difficult to differentiate the various bodies on educational grounds.

The early history of all the parvenu bodies bears this out, in that all quickly adopted education and training systems grounded in writing, examining and grading practices. In the specific case of interest here, the founder bodies of the ACCA chose to copy closely

both the form and content of the Chartered Institutes' approach to professionalisation, establishing similar examination structures and papers, training requirements, and administrative structures, and invoking their own version of the service ideal. These steps were (rightly one might observe) seen as necessary preconditions to launching a would-be professionalising project, although they were in themselves no guarantee of success. The most crucial of these steps arguably was that the LAA's initial examination structure was constructed to be almost identical to that of the ICAEW, as in order to prove that their qualification was equivalent, the LAA had to ensure that a similar standard of examination was set on similar subjects.

The next necessary internal step was to show that the claim to professional status was backed up by fact, and that as well as *setting* examinations comparable in standard to the elite bodies, students were actually *sitting* and *passing* these examinations, rather than being admitted to membership without examination on the basis of relevant work experience. The choice by the LAA to require all students to sit the examinations from 1920 can be seen in retrospect to have been a key precondition for the achievement of legal recognition ten years later, ahead of the other second tier bodies. This also gave the basis on which amalgamation negotiations and decisions could be made with suitable partners, ensuring that the 'gold standard' of the qualification's quality was not diluted or jeopardised. The further choice made by the LAA to permit students from elsewhere in the British Empire to sit the examinations on the same basis as UK students was subsequently to have far-reaching consequences in terms of the later expansion into the overseas student market.

The ACCA chose to maintain its examination structure without any major change throughout the second stage of its development as it was consolidating its position as the main second tier accounting body, and also aspiring through various initiatives to get jurisdictional closure along with top-level status, through acquisition of the 'chartered' label, either through legislative fiat or integration with the old Chartered Institutes. At the same time, the practices through which teaching / learning relations took place began to move towards a more elite disciplinary model, involving interactive learning in institutionalised settings instead of passive and isolated engagement with instrumental texts via correspondence course methods. Only a limited number of students were involved initially, but the alternative model began to spread via educational provision by District Societies, offering popular lecture programmes and lending libraries, and then with the growth of state provision of technical education, through the provision of local authority evening classes at college level.

These changed pedagogic practices started to change the way in which individual identity was created. The classic correspondence course model had provided a very passive subjectification of the individual, as the relation was merely one between the student and text, giving limited opportunity for self-reflection and the production of the knowing subject. With the increase in student lectures and classes and a consequent 'institutionalisation' of the learning process, the level of interaction rose much higher. If arguably it was still quite limited in terms of the early District Society provision of lectures and lending libraries, it grew more significant with the provision of local authority evening classes. Arguably a new kind of 'learning to learn' became possible, which built on the disciplinary practices of writing, examining and grading, still rendering individuals as passive and calculable subjects within a population of ACCA

trainees, but also promoting a more active and powerful image of the professional identity. Such an image may not have been promoted in all contexts, even though in the classroom setting there was opportunity for peer and tutor interaction on a regular basis. Insofar as such interactions were purely focussed on fact-learning or question-spotting, it is clear that wider reflections were unlikely. The more informal interactions around or outside the formal classroom setting were occasions where a more active and critical sense of 'learning to learn' could be promoted. And the reflections of one respondent noted in Chapter Five above remind us that reflective learning could occur even within fairly instrumental forms of disciplinary teaching.¹²⁶

This process continued with the development of day release and full time courses in the 1950s and 1960s. The ACCA gradually built up relationships with colleges of commerce and polytechnics, and also with individual lecturers, who acted as examiners and markers of the ACCA's examinations. The decision to permit students to study full time showed how the ACCA, particularly in the guise of those on the Education Committee who recommended this decision, had to some extent taken on board the views of academics such as Solomons on the requirements for accounting education. This is an important development, even if at the outset it was implementing a truncated version of such education as the institutions concerned were merely offering tuition for the external examinations. The interaction here with the separate but related development of those institutions, in some instances, into Higher Education 'discipline-

¹²⁶ Anderson-Gough (2002, p.215) states that 'learning-to-learn' is a useful concept in understanding the formation of expertise. She states "learning-to-learn" is particularly useful in shedding light on the fact that behind the salient teaching and learning there is a process of formulation of yet more subterranean expertise that is the result of continued engagement with specific given learning practices. That expertise (like Polanyi's 'tacit knowledge' and Hoskin's 'secondary practices') is however generally not explicitly explored by learners and teachers. It is present and making a difference but generally not made visible within everyday teaching and learning'.

based' entities, is important. On both sides of this new arrangement, a move towards a more critically aware reflective approach to education could serve important agendas.

Also during this stage of development, the ACCA decided to update the knowledge base of the examination structure. The traditional syllabus had been put in place in order to demonstrate similarity with the ICAEW. Whilst this had embedded the disciplinary practice of the examination at the heart of the process of becoming a certified accountant, the knowledge contained in the syllabus constructed an image of the accountant as technically competent in financial accounting, audit and legal areas, but not managerially aware. The decision was taken to shift the knowledge base to include more management accounting and business knowledge, and therefore to reconstruct the image towards that of the business accountant, a move which coincidentally brought the syllabus closer to the workplace experience of the majority of certified accountants. This was seen as creating better congruence between what the certified accountant learnt and what s/he did at work. It was also a formal means of articulating a continuing commitment to a distinctive disciplinary expertise that the ACCA needed if it were to succeed in blurring the status boundaries with the old Chartered bodies.

This shift in the knowledge base continued in the final stage of development, when it can more clearly be seen to be part of a deliberate strategy for upgrading professional status, as certain discursive regularities begin to appear in ACCA documents and statements, which stress the connection between the syllabus and high level accounting work. So, for example, some of the language used shows a process of redefining the labels attached to syllabus contents upwards in a way that would signal to the outside world and students that certified accountants' expert knowledge was now applicable to

corporate level financial roles, with the consequent disciplinary effect on students' view of 'self'.¹²⁷

As well as reinventing the certified accountant as a well-disciplined business manager, the ACCA also extended downwards and sponsored a technician grade.¹²⁸ The knowledge content of the AAT was designed to create a technically competent accounts clerk disciplined to be subordinate to the main accounting profession. However, over time, in what could be seen as a reprise of the ACCA's own story, the AAT refused to have its behaviour constrained in this way by the senior bodies, and started encroaching on chartered and certified accountants' territory by gaining the right to sign accountants' reports. This situation demonstrates the constant playing out of the disciplinary game, i.e. whoever can set up the necessary trappings of professionalism can aspire to become a professional body, although they may not succeed.

Finally, in relation to the choosing and crafting of education and training, the ACCA had made an early decision to permit overseas students to sit the examinations in their country of origin. Whilst numbers sitting remained small (and numbers passing significantly smaller), nevertheless this policy continued through to independence and the setting up of the Commonwealth. Accounting practices in many countries remained based on British company law, and therefore British accounting qualifications, in the absence of local bodies, were still appropriate. The ACCA's examination structure was therefore available for Commonwealth countries to use as a proxy for their own. Over time, the development of joint structures and local variants in tax and law meant that separation from the ACCA was deemed unnecessary by many countries/local bodies.

¹²⁷ For example, over a twenty four year period 'management accounting' becomes 'financial

There are however disciplinary consequences. Many overseas certified accountants have been through the professional process and so have been 'disciplined' into a particular model of a certified accountant. They have been successful in 'learning-to-learn' what a certified accountant 'is' and 'knows', as they have created their own professional 'self'. But the model is essentially an Anglo-American view of what a professional accountant is, which poses continuing interesting questions for professionals in developing countries, for instance over whether this is postcolonial cultural imperialism or a necessary aspect, institutionally, of operating in a modern globalised political economy and, individually, of securing personal upward mobility.

Observation 2: The distinctive philosophy of (managed) open access, central to the ACCA's admissions policy, has enabled it to grow and diversify especially in times of closure by the Chartered Institutes. Should this be "especially in times of closure" as Stephen suggests?

The Chartered Institutes had adopted the elite strategy of articles, with the associated privileges of money and social standing. The ACCA founder bodies recruited from a different pool of applicants, who represented a lower stratum of society. Although articles were available, they were less expensive than for the chartered bodies.¹²⁹ Applicants could also work in relevant accounting work. This gave the ACCA a competitive difference, which was marketed as a meritocratic philosophy of enabling all those who were capable of benefiting from it the opportunity of taking the ACCA's examinations. Arguably, this difference, introduced out of necessity due to the

management', then 'management and finance', finally shifting to 'financial strategy'.

¹²⁸ The other four accounting bodies also sponsored the AAT.

¹²⁹ Articles of clerkship were still being taken up in the 1970s (Applications and Membership Committee Report, 9th January 1973)

organisation of society at the time, then turned out to be a first form of the more meritocratic approach that disciplinarity ultimately imposes on all professional bodies. The elite Chartered Institutes have themselves dispensed with the articles system to move to a more meritocratic system of work-based training, although this is still constrained by the big firms' narrow recruitment criteria.

In practical terms, this philosophy gave several growth opportunities to the ACCA. Firstly, it had access to a wide pool of applicants who were denied entry to the Chartered Institutes by reason of financial privilege and social background in the first fifty years, and educational privilege in the latter half of the twentieth century.

Secondly, because articles tying the clerk to a principal were not a requirement, no other agent needed to be involved in the decision to study. Motivation came from the individual concerned, that in order to become a professional s/he would submit to the necessary (self) discipline required. The outcome of this was the creation of a different type of identity than that created in the articulated clerk/principal situation, where the contract required provision of services on both sides. The one-sided arrangement of the independent student gave rise to a very positive sense of identity, both in terms of the individual's sense of achievement at becoming a professional accountant, and also in terms of identifying with the ACCA as organisation.

This was particularly the case for mature entrants without education qualifications. A number of different groups were able to enter the ACCA via this route, including ex-service personnel, working class entrants and those who had worked in other fields before turning to accountancy. I noted in Chapter Seven how the influence of mature

entrants who were able to rise through the ranks of the ACCA ensured the endurance of this open access policy for future generations.

Observation 3: Liberal education and training requirements have been a key factor in enabling the ACCA to grow and expand both in the UK and overseas.

The requirements set up by the founder bodies of the ACCA, whether by accident or design, were left sufficiently open such that variations at later dates did not require radical change but merely evolution of the existing system. At the start there were two (linked) significant differences in education and training requirements between the ACCA founder bodies and the Chartered Institutes. The first difference was that articles were an option, not a requirement. As a consequence of this, the second difference was that students did not need to work in public practice, as any responsible accounting work was sufficient. Although it would appear that in until 1930 most members did work in practice, whether as partners/sole practitioners or as audit managers/clerks, this situation soon changed to the majority of members working in industry, commerce or even the public sector. This diversity of employment meant that individual certified accountants could have distinctly different identities dependent on the different experiences to which they had been subjected.

Under articles, taking the examinations and gaining work experience proceeded in tandem. Without articles, this link was lost. Although entrants had to be employed in responsible accounting work there is little evidence to see how closely this was policed. In any event, it meant a loosening of the ties between sitting and passing the examinations, and gaining the necessary years of relevant work experience. Certainly by

the 1930s one of my respondents was sitting the examinations without having any relevant work experience to put towards his admission to membership.

I have already discussed the growth in educational facilities for certified accountants in terms of increasing links with local authority educational providers. As full time vocational courses became acceptable, firstly for overseas students and then for everyone, the ACCA also chose to allow students to study on a full time basis, thus severing completely the link between passing the examinations and gaining the practical work experience.¹³⁰ This sharply delineates the two elements of the qualification, which were separate for many certified accounting students anyway as it was often difficult to gain all the relevant elements of practical experience working in a small office, or in one department in a company.¹³¹

The ACCA decision to locate their full time courses in the Colleges of Commerce and the polytechnics was an extension of the delivery of the part time courses. Links and relationships between individuals and organisations had already been built up, and the ACCA was able to retain control over the educational process in a way that would not have been possible in the elite universities. It was therefore also a match of organisations of equivalent status as these institutions had a mission of providing vocational education to those who did not aspire to the top universities. In the same way, the ACCA provided an opportunity for the vocational student, with or without a degree, who did not aspire to becoming a chartered accountant. Again, the resulting

¹³⁰ Numbers of students on full time courses in the UK were always small in comparison to the student body as a whole.

¹³¹ This separation of the two elements of the qualification contrasts starkly with the chartered student experience, where the qualification has become elided to just the examination element. The practical work element is part of the training contract and is below the level of visibility, so taken for granted (Anderson-Gough *et al.*, (2002).

‘disciplined’ individual had a different experience of professional identity through his/her different experience of ‘learning to learn’ in comparison to a student who had completed a training contract with a firm of accountants and had gone through the qualification process working and studying at the same time in a structured environment.

I stated in Chapter One that the ACCA has capitalised on its education and training system in order to gain recognition and identity. These features are both essentially disciplinary in character, highlighting the centrality of issues around education and training practices to the professionalisation process. In the next section, I consider some of these features further.

8.3 Emerging themes

The ACCA, as a disciplinary entity, has used educational practices to its advantage in shaping its identity as the ‘largest global accountancy body’ with a ‘widely regarded’ qualification. This identity is characterised by the heterogeneous mix of its members, who come from a wide variety of nationalities and social and educational backgrounds, and whose professional identities have been shaped in different ways according to the nature of their professional accounting education and their work experience. I now explore three areas where there are interesting aspects emerging as to the future identity of certified accountants.

8.3.1. Blurring professional, vocational and academic educational boundaries

The knowledge base of a profession is a core part of its identity, and the way in which students learn to learn that knowledge can significantly affect the shaping of their

construction as professional accountants. Certified accounting students have traditionally had access to several modes of study method, including part time and full time study in local authority institutions alongside the traditional correspondence course (and increasingly in recent years the use of private tutor firms) and I discussed in Section 5.5 above how the different modes of study discipline students in different ways. An interesting question arises as to how professional, vocational and academic boundaries are changing as the distinction between different types of accounting qualifications becomes more imprecise.

The new universities (and some Colleges of Further and Higher Education) have had a long relationship with the ACCA (as well as with CIMA and CIPFA) in the delivery of professional accounting education, both full time and part time. Over time, a two-way diffusion has taken place between the educational institution and the ACCA.

Firstly, there has been an increase in the type and level of academic/vocational course that has gained exemption from ACCA subjects.¹³² Accountancy and commerce degrees from the old universities had long been accepted for exemption from relevant stages/subjects, although student numbers were very few. However, the universities were historically anti-vocational in attitude, and professional accounting education had been located in the colleges of commerce that had grown up throughout the twentieth century. With the changes in further and higher education taking place by the early 1960s the situation altered.

¹³² The vocational/academic qualifications discussed here also gained exemption to varying extents from the other accounting bodies.

The introduction of vocational business certificates and diplomas in the 1960s led to exemption from the Preliminary/Intermediate Stages dependent on the level and content of the course. In the 1970s polytechnics pioneered the development of a one year full time Accountancy Foundation Course, a vocational course entirely assessed by the polytechnics, which gave exemption from the relevant first stage of all the accounting bodies and which proved extremely popular with students. This signalled an increase in the level of diffusion across the vocational and professional boundaries, as this course was obviously directed entirely at prospective professional accountants, and aimed to provide a comprehensive introduction to professional accounting techniques in a vocational setting. Polytechnics also pioneered the development of vocational accounting degrees. As noted in Chapters Six and Seven, polytechnic lecturers, who were frequently qualified accountants themselves, had built up extensive links and knowledge through teaching professional accounting students on part time and full time programmes of study. They were able to use this knowledge to develop what they considered to be appropriate vocational degree courses that gained additional higher level exemptions. In the case of certain specially relevant degrees, such as those run at De Montfort and Southbank Universities, exemptions were granted up to the final four examinations (*Exemptions awarded for relevant UK qualifications*, ACCA, undated). The withdrawal of the ACCA from the Board of Accreditation of Educational Courses accelerated such unilateral developments.

In analysing this expansion of vocational courses, the disciplinary perspective recognises that those lecturers were, of course, discipline-trained and disciplined experts themselves. Their views of what vocational accounting education ought to be were influenced by their own experiences of becoming 'disciplinary selves' in the double

sense, thanks to the educative process they themselves had undergone. Most of them had undertaken professional accounting study by correspondence course, or by some form of evening class or day release study (or possibly residential courses for those chartered accountants). In addition the majority had undertaken educational study, usually in the form of the Post Graduate Certificate in Education. Their view of the professional self was thus one constituted by the requirement of technical expertise combined with some understanding of educational practices.

There was diffusion from the professional side of the boundary towards the vocational when the ACCA permitted students to study full time. Up until that time the teaching on the professional accounting courses was directed towards the external syllabus. Following the introduction of full time study, the ACCA later permitted relevant institutions to offer internally assessed courses, both full time and day release, for all but the final professional examinations, which all students were required to sit as the final test of professional knowledge. The ACCA retained control of this process by appointing the external examiners for such courses (who would include a local practitioner as well as lecturers from other institutions). The students received no recognition from the educational institution in terms of the successful outcome of their studies, only exemptions from the relevant external papers of the ACCA. This had implications in terms of funding, as such courses only received discretionary funding from the Local Education Authority (LEA).

By the 1990s pressure on LEAs meant that few discretionary grants were awarded and thus demand for full-time internally assessed courses diminished. Certain new universities therefore devised a new structure to enable retention of this type of course,

which intertwined the technical rigour of professional accounting education with the benefits of vocational education in terms of skills development through the use of in-course assignments, etc. The diploma in higher education in accounting offered by universities such as Huddersfield and Northumbria thus wrapped the former stand-alone internally-assessed professional accounting course within the accepted structure of the latest vocational thinking, where accreditation was given for all stages of a student's study. Successful students thus gained both the exemptions up to the final stage of the ACCA's examinations, as well as a university award, which could be topped up to degree level with a further year's study. The development of this diploma, simultaneously combining both the award of a vocational accounting qualification and the exemption from a raft of professional accounting examinations, rendered the boundary between professional and vocational education more permeable still.

It is important to remember the heterogeneous nature of the ACCA student body in this, as only a small number of students would be able to take advantage of the new vocational opportunities. The majority of students continue to study by a variety of methods, including the correspondence course, open and distance learning, day release and evening classes and private tutor firms, the latter particularly for revision purposes. Nonetheless, Geddes (1995, p.355) has suggested that the way was open 'for a jurisdictional battle over the provision of professional education between the private tutors and the new universities'. This has proved not to be the case for the ICAEW, who have remained with the private tutor firms. However there has been increasing encroachment by private tutor firms into the ACCA student market, particularly in the area of home study via course books and web-based material.

The creation of the diploma qualification raises some questions about the location of professional education and professional knowledge. Geddes (1995) showed in detail how, contrary to other countries and other British professions, professional knowledge is not located in the 'old' English universities.¹³³ She notes that as a result the development of 'new' accounting knowledge, unlike scientific knowledge, did not proceed in this country from university research, with the result that, so long as the big accounting firms funded a completely practitioner-controlled system of education, the accounting profession did not turn to the universities (1995, p.357).¹³⁴ The new universities, alongside the tutor firms, remain therefore as a site for professional education only, where the student is disciplined into a particular way of being professional.

8.3.2 The global accountant

The ACCA's exposure to the global requirements of accountancy has been evident since the growth rate of its overseas members increased in the 1960s. With the huge increases in overseas numbers of both members and students in the 1990s the ACCA has moved to make its organisation more relevant to overseas members by introducing the International Assembly and to overseas students by making its main examination stream the International Stream based on International Accounting Standards. However, like the large international accounting firms with which many of its local members and students are associated, the accounting practices adopted are those of the Anglo-American transnational culture, whilst education and training requirements remain

¹³³ Geddes' work is restricted to consideration of the ICAEW and is therefore located in an English context.

¹³⁴ Aspects of university-generated research have entered into the professional syllabuses in one way or another over the past three decades. Modigliani and Miller's seminal work on the debt-equity relation, Beaver's theorising of financial reporting, even Kaplan and Cooper's activity-based costing approach, have become part of prescribed wisdom. At the same time, all these research developments come from

firmly based on the British model. Issues of mutual recognition have been a problem in some countries (such as Canada, the United States and Australia) due to the entrance level of the ACCA being below university undergraduate degree level.

Yet despite these problems the ACCA claims that it is the leading global professional accountancy body. I believe that one reason for this continuing growth can be seen in the constant working out of the disciplinary process.¹³⁵ The ACCA was initially set up to enable those who were capable to become members of the new organisation and so gain professional status. The ACCA states two of its aims today to be: (1) offering a path to the professional qualification to all who can show their suitability and (2) assisting in the development of the profession around the world, particularly in emerging or developing economies (President's Letter, A Review of the Year 2001, ACCA). The continued growth of the ACCA suggests that the rolling out of the disciplinary process of becoming a professional still has some way to go before saturation point is reached.

This respondent sums it up what the ACCA's global links mean for him, also highlighting the sense of identity that he feels with the ACCA and the distinction for him between the ACCA and other bodies:

'I mean, luckily I am very happy I did [join the ACCA] because the Association has grown out of all recognition to what it was when I joined it. I mean, we are the biggest Association world-wide and none of the others are like us at all. They have done a terrific job I think. And it's nice, I think, if I go to Kuala Lumpur, I can make contact with a fellow accountant, you know, just before I go and see what goes on there and

the US, so have enabled, until recently, the traditional distance from universities in the UK to be maintained undisturbed.

¹³⁵ It remains an open question as to how far the ACCA development can be seen as a disciplinary project as opposed to, say, a project of either collective mobility or global expansionism. However, given the evidence presented here, I would argue that a disciplinary explanation of the kind articulated here can justifiably be seen as a valid way of approaching the phenomenon.

have an introduction. He'll most probably be as pleased to see me as I'll be pleased to see him. And I think that can do nothing but good.' (Mr J)

8.3.3 The transdisciplinary accountant.

I discussed above in Section 8.3.1 the ways in which educational boundaries have been fractured and permeated (cf. Klein, 1993) in the construction of the contemporary certified accountant. The same splintering and fracturing has occurred around the knowledge requirements of modern accounting. Anderson-Gough (2002, p.250) notes that accounting knowledge has become:

'limitless, fragmented into specialist groups, and developing... as it looks to incorporate other knowledges within its own remit/identity.'

She also notes (in the context of the chartered accounting trainee) that the professional process enables the qualified accountant to go out and be knowledgeable, not about the knowledge base of the profession, but about accounting and finance related activities in general. This requires an ability to link together different aspects of accounting and other knowledges that are usually segmented into different disciplines, or put another way, making connections, translations and networks (Latour, 1993). Transdisciplinarity can be defined as knowledge emerging from a particular context of application which demands its own distinct modes of practice (Gibbons *et al.*, 1994, p.168). So becoming transdisciplinary involves the bringing together of multiple expertise-based skills and experiences to apply to particular problems. As accounting positions become more specialised the need for a transdisciplinary approach increases. The knowledge base contained in the examination structure offers good general grounding, but the modern accountant also needs the ability to become transdisciplinary in outlook in order to devise solutions to the complex business problems that are contingent on impingement from a wide variety of other disciplines.

This notion of the accountant as transdisciplinary has particular resonance when we consider the jurisdictional model of the professions. The full resolution of jurisdictional dispute within the British accounting profession has centred around the rationalisation of the profession into some form of jurisdictional settlement along the lines set out by Abbott (1988, pp.69-79), whether that be through a single body with different specialisms/geographical locations or through the division of the profession into functional parts. However, as Shackleton and Walker (1998) have noted, such resolution would be extremely difficult to achieve. One reason for the continued 'stasis' is that, while at any given moment some of the members of some of the accounting bodies concerned can see the value of that kind of solution, there will at each such moment be some other combination of potentially 'killer objections' that can be thrown from within each of the participants involved. Each of the six bodies is now respectable and viable enough to maintain a separate existence if unification does not happen. The disciplinary twist is that they have become large and respectable precisely because they have each played the disciplinary game effectively in getting to their current differentiated position.

In addition, I suggest that with a disciplinary approach we would expect not to reach jurisdictional-type closure, as there is a continual working out of the proliferation of bodies. Even though the six British professional accounting bodies have been well established for fifty years, new bodies continue to seek entry to the accounting profession.¹³⁶ Instead, I propose that the true disciplinary outcome is the creation of the

¹³⁶ Although they are unlikely to be successful in terms of gaining state sanction for their work, they can still continue to exist in the unregulated market alongside other types of accountant. A recent example of this was the formation of a new organisation called 'The Association of Certified Public Accountants' (ACPA)(CA, November 1994, p.5). ACCA and CIPFA both lodged complaints with the DTI, who

transdisciplinary professional individual and entity. The new business professional in the knowledge-based service firm operates across many disciplines in terms of both knowledge and work. The actual accounting qualification that an individual possesses is important at the first stages in a career, but then becomes less and less important in comparison to the post qualification experience that has been gained. This quote illustrates the point:

‘I was accepted because I had the qualification. I don’t think even with the experience I had, had I not studied for a qualification I wouldn’t have got the job in the first place. I think since then in the particular company I’m in I think you are accepted for the job you do. I don’t think the qualification really matters if you’re doing your job...Over the years I’ve tended to go away from accountancy. I’ve been company secretary for seventeen years and we have an accountant. He tends to deal with all the accounts and I deal with other things. Really I’ve used the accountancy qualification as a background to move on.’ (Ms U)

A partner in a Big Five accounting firm commented that:

‘My ATII has more value than ACA or ACCA, but in reality to what I do, probably none of them are all that valuable, that may surprise you.’ (Mr K)

Many accountants move out of practice and into more specialist areas where the accountancy qualification is still of use, in the sense that it has given a good business training, but it is not relevant to the work being carried out. The following respondent had trained and become a partner in a small mixed practice, but now works as a sole practitioner in a much more specialised area. The interesting thing is, like many of those I interviewed, is that he would not have done it any differently:

subsequently took the ACPA to court. The ACCA was particularly concerned because of the use of the ‘CPA’ designation, which the ACCA held was confusing to the public, due to the word ‘certified’ implying some licence to use the term ‘accountant’. The Court ordered that it should change its name because its standards were so low as to make the company’s name misleading. It was likely to harm and mislead the public (CA, July 1997, p.4). However, as in the court cases of one hundred years previously, the court did not have the power to close down the organisation and prevent it from operating. A further example was when the ACCA obtained a court order from the Irish Courts restraining the Institute of Incorporated Public Accountants from plagiarising the ACCA’s syllabus and examination materials (CA, December 1996, p.8).

'It's been very valuable at the beginning, it's been essential to become a partner and all that sort of stuff, but then, as time goes on I have to say that today, yes I am an accountant, it enables you to put your hat on and say I am an accountant, but what I do today is not traditional accountancy so... I'm not running an accountancy practice today as such, it's a very specialised particular part of the business world and so the fact that I'm an accountant is a good thing, but... You see what I'm doing today is specialising in overseas companies, setting up. So a lot of the companies I deal with are German companies, Italian companies where they've come to the UK and they want to do business. They don't want an accountant they want somebody who can say right this is the way to do it. So we'll find the factory unit here, get the people in, sort out the insurance, get the company filed, put the book keeper in. We'll enable that company to do business. Now that's got nothing to do with accountancy, really, but it's enabled me, it's given me the stepping stone. I'm the director of a number of companies and I own a few other companies and it's given me the ability to do it. And so I think for the future, yes, I'd do it exactly the same, because it's given me the opportunity.' (Mr M)

So, whilst getting a credible qualification is important, which requires the accumulation of broad-based accounting knowledge, from then on the paper qualification takes a lesser place to the experience being gained. This gives the opportunity for all sorts of accountants, from any of the six British accounting bodies, to become the new type of business professional not tied down to any one discipline.

The image of the accountant as business professional is compelling. Matthews *et al.*, p.iii, (1998) state:

'It is nevertheless the case that accountants are, today, by far the most prominent professionals active in British management. They have been remarkably successful in establishing their craft as the leading management qualification.'

Whereas in American culture other management qualifications such as the MBA carry high status for board membership, in the UK that role is served by the accounting qualification, particularly in the form of the chartered and Scottish chartered qualification for blue-chip companies (Matthews *et al.*, 1998, pp.246-276). In a global

setting, it can also be seen as serving as a management training certificate for different types of economic organisations.

8.3.4 The certified accountant of the new century

Whilst it is clear that the ACCA credentialling system offers a global professional qualification, there remains the question as to whether the certified accountant is a transdisciplinary accountant. Being transdisciplinary requires the individual to adopt reflective practices with regard not only to the knowledge base of the profession, but also with regard to knowledge development. This aspect of the development of professional identity is not addressed within the external examination structure of the ACCA, although the development of self-knowledge is part of the wider skills framework that is now required practice on British university undergraduate degree programmes, and is therefore encompassed by the Diploma in Higher Education scheme referred to in Section 8.3.1 above.

Although many entrants to the ACCA student body are now graduates - over half of ACCA students in the UK and Ireland are graduates (A review of the year 2001, ACCA, p.21), this still leaves many thousands who do not have access to higher education facilities and so have less opportunity to develop a transdisciplinary nature. Through its credentialling scheme the ACCA was able to take the opportunity of its qualification to many home and overseas students. In 2000 it entered into a partnership with Oxford Brookes University to take the opportunity of an accounting degree to many home and overseas students.¹³⁷ The scheme is radical in that the usual direction for the granting of

¹³⁷ The choice of Oxford Brooks was interesting, as this was not a university that had a history of links with the ACCA. However it has the same commitment to open access as the ACCA and has extensive global links with educational institutions (ACCA Students' Newsletter, May 2000, p.14).

exemptions is reversed and the process is on a larger scale.¹³⁸ Rather than the ACCA offering exemptions from the Oxford Brookes examinations, Oxford Brookes gives direct sanction to students for the marks that they get on the ACCA external examinations that they have passed. As external examinations do not give sufficient indication of the key skills required for the award of a degree, students complete a Research and Analysis Project which is assessed by the University. This requires the completion of a Research Report, demonstrating research and IT skills and a Key Skills Statement, which requires the student to reflect on the acquisition and application of key skills in their work (ACCA Students' Newsletter, August 2000, p.14). This goes some way towards enabling students to take a more deeply disciplinary approach to their studies and thereby shaping in a new way their sense of professional identity.¹³⁹

8.4 Limitations of the study and future research

There are various limitations to this thesis. A number relate to the collection of data. The lack of access to ACCA Council minute books was undoubtedly the greatest limitation as it then restricted my research to the contents of the official journal, certain Education Committee minutes and other ACCA publications as well as the rest of the accountancy press. The cohort of interviewees could have been extended in two ways, chronologically and geographically. In chronological terms, going further back was not possible as I was unable to find any respondents who qualified before the 1930s in my sample area. It would have been possible to extend forwards and interview certified accountants who had qualified in later decades (my sample extended to the mid-1970s).

¹³⁸ The giving of exemptions by universities for professional qualifications has been common on a limited basis for programmes such as the MBA, where qualified accountants have typically been given exemptions from the accounting and finance elements.

¹³⁹ Other advantages for the ACCA are that it will gradually increase the proportion of graduates in the membership, which may be important for mutual recognition projects.

In geographical terms, the ACCA is now and has always been a global body and my sample only included British accountants. The oral history side of my project therefore only relates to the British experience. As the analysis shows, there is great diversity amongst the ACCA membership and this thesis makes no attempt to generalise the perceptions of the interviewees in terms of the overall membership. Indeed, as this research is based on the study of one professional accounting body it falls into the category of a 'case study' whereby the intention is not to provide objective generalisations about the working out of disciplinary practices but rather to offer some 'rich' material for the describing of a complex set of events (Yin, 1994).

This study of the ACCA from a disciplinary perspective has followed in the footsteps of other studies taking a Foucauldian perspective to the study of the accounting profession (notably Loft, 1986, 1988), but has extended the methodological framework significantly further. Professionalisation as a doubly disciplinary process has been one aspect of this, with its positive benefits for the individual as well as the repressive effects. The continual working out of the disciplinary process in professionalisation is another. There is scope for further application of this framework to aspects of the professional process. An obvious example is further historical study in related accounting bodies and other specialist organisations, for example, the Inland Revenue.

The scope for using oral history techniques for the collection of relevant accounting stories is extensive. The contemporary education and training of accounting students in both university and work-based settings would be interesting to explore further, particularly in light of Anderson-Gough's (2002) study of the contemporary chartered accountant trainee. Extending the chronology and geography of this study, as mentioned

earlier, could also be fruitful, in terms of finding out more about how disciplinary practices shape identity. It would also be interesting to investigate the nature of the transdisciplinary accountant, both generally and within specific sectors of business.

This type of research, by informing the wider accounting community about how disciplinary practices shape professionals, can then enable informed decisions to be made about future recruitment, education and training strategies.

Appendix 1 - List of Interviewees

N.B. A number of retired members began their studies during the 1930s/40s, but took until the 1950s to be admitted as members due to the war.

The following pseudonyms are used in the thesis:

Mr A	Retired member, worked in industry, admitted as member 1963
Mr B	Retired member, worked in public sector, admitted as member 1952, dual qualified CIPFA
Mr C	Retired member, admitted as member 1960
Mr D	Retired member, worked in practice and industry, not articulated, admitted as member 1936
Mr E	Retired member, worked in practice and industry, not articulated, admitted as member 1948
Mr F	Practice manager of a mixed chartered and certified firm, ICAEW qualified
Mr G	Retired member, worked in practice and industry, admitted as member 1944
Ms H	Practising member, worked in industry and practice, admitted as member 1974
Ms I	Practising member, not articulated, admitted as member 1978, sole practitioner, current member of Council (elected since interview date)
Mr J	Retired member, worked in practice and industry, not articulated, admitted as member 1952
Mr K	Practising member, worked in practice, not articulated, partner in Big 5 firm, admitted as member 1972, dual qualified as member ICAEW

Mr L	Retired member, admitted as member 1961
Mr M	Practising member, admitted as member 1978, small business consultant
Mr N	Retired member, worked in industry, admitted as member 1971
Mr O	Retired member, worked in practice and industry, articulated, admitted as member 1938
Mr P	Retired member, worked in industry, admitted as member 1951
Mr Q	Retired member, worked in industry, admitted as member 1955
Mr R	Retired member, worked in industry, admitted as member 1961
Ms S	Working in practice, admitted as member 1979
Mr T	Retired member, admitted as member 1957
Ms U	Working in industry, admitted as member 1971
Ms V	Working in practice, previously public sector, admitted as member 1976
Mr W	Retired member, admitted as member 1954
Ms X	Retired member, worked in industry and practice, not articulated, admitted as member 1972
Mr Y	Practising member, admitted as member 1977

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